

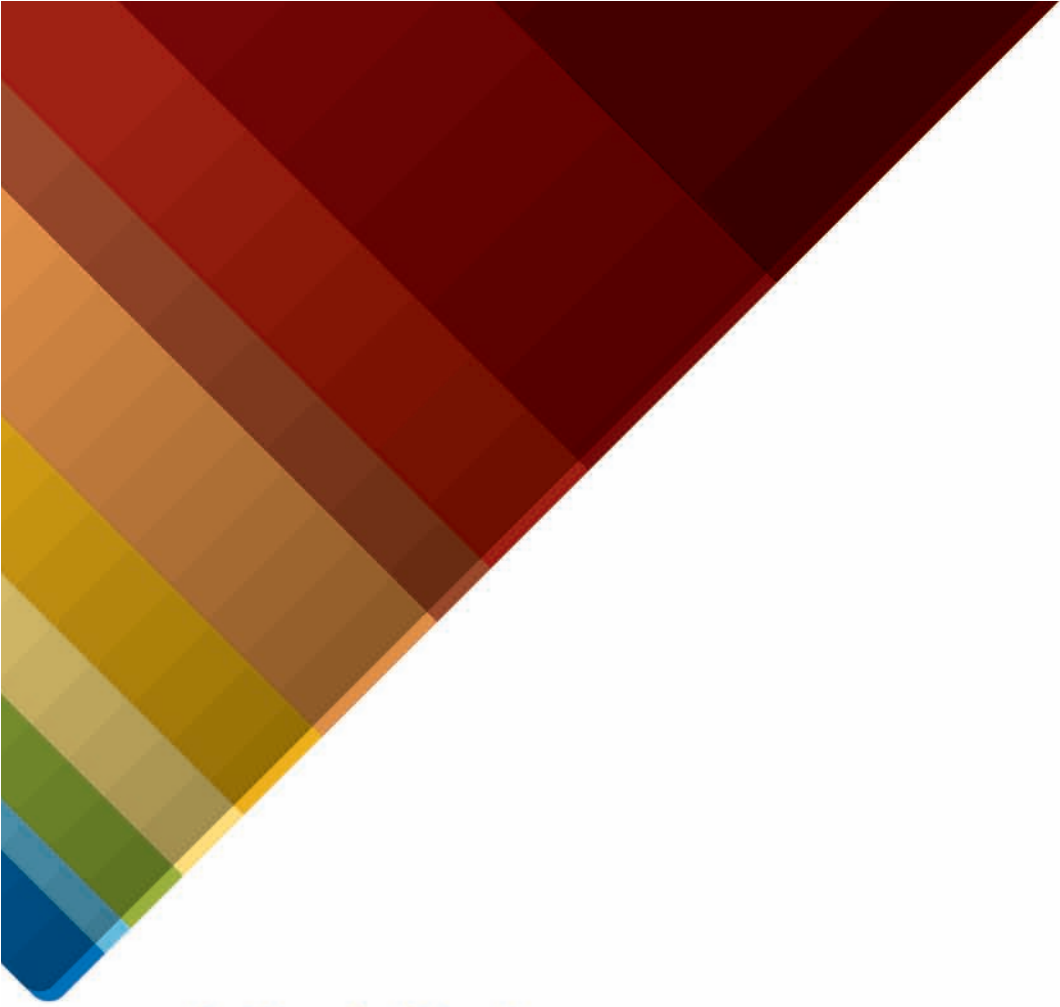
SYMBOLIZING EXCELLENCE



ANNUAL  
REPORT

2010

**IGI**  
Insurance



# Highlights...

2010 Has Been Another Promising Year.

GROSS WRITTEN PREMIUMS

Rs. 1,297 mn

**13% ↑**

NET WRITTEN PREMIUMS

Rs. 756 mn

**14% ↑**

UNDERWRITING PROFITABILITY  
RATIO

**16%**

EARNINGS PER SHARE

**Rs 11.64**

CASH DIVIDEND

**30%**

BONUS SHARES

**55%**



## SYMBOLIZING EXCELLENCE

A symbol is an entity that represents something significant, either by association or by resemblance. It can be a material object or a written sign used to represent something invisible. Language itself is a system of spoken or written symbols by which we communicate. Every word is a symbol and its meaning is constituted by the ideas, images, and emotions which it raises in the mind of the listener.

This year's report features the various symbols that signify IGI Insurance, and the qualities that are pre dominant with the company's vision.

A decorative graphic in the top-left corner of the page. It features several parallel lines in shades of blue, green, yellow, and orange that curve downwards and to the right. Various icons are placed along these lines: a blue checkmark, a blue water drop, two green leaves, a yellow lightbulb, a black and yellow hexagonal pattern, an '@' symbol, a black and orange circular pattern, and a red and black eye-like shape.

# CONTENTS

2	Vision and Mission
3	Quality Policy
5	Code of Conduct
6	Board of Directors
7	Company Information
9	Company Profile
19	IGI Presence
21	Organogram
22	Executive Profile
24	Board Committees
27	Key Financial Data
30	Summarized Data
31	Statement of Value Addition
32	Horizontal Analysis
33	Vertical Analysis
34	Shareholders' Information
42	Corporate Calendar
43	Directors' Report to the Shareholders
48	Report on Corporate Governance
50	Statement of Compliance with the Code of Corporate Governance
52	Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance
53	Auditors' Report to the Members
54	Balance Sheet
56	Profit and Loss Account
57	Statement of Changes in Equity
58	Cash Flow Statement
60	Statement of Premiums
61	Statement of Claims
62	Statement of Expenses
63	Statement of Investment Income
64	Notes to the Financial Statements
103	Notice of Annual General Meeting



## VISION

IGI Insurance is committed to being one of the leading providers of solutions to risk exposures in selected market segments in Pakistan.

## MISSION

Our vision will be realized through:

---

### CUSTOMERS

Being the preferred insurer in providing solutions to risk exposure

---

### SHAREHOLDERS

Consistently delivering above market average return on capital

---

### EMPLOYEES

Providing the environment necessary to be the employer of choice

---

### COMMUNITY

Compliance with the highest ethical and moral standards

---



## QUALITY POLICY

IGI Insurance believes in providing high quality solutions to risk exposures to the satisfaction of its customers through

---

Developing & maintaining a total quality culture

---

Developing capabilities of the employees

---

Continuous improvement and teamwork

---

Updating business knowledge and techniques

---

Efficient utilization of resources and manpower

---

Introducing high standards of professionalism





## VISIONARY

The word Visionary which is characterized by vision or foresight is symbolized by a sharp eye that looks at the big picture.

Visionary organizations make their decisions keeping the future perspective in mind.





## Code of Conduct

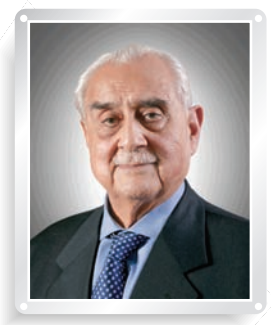
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The “Values” and “Principles” that organization has developed over years are adhered to by all employees within the organization. Following are some salient features of the code of conduct:

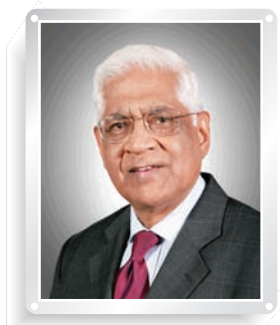
- The company's operations and activities will be carried out in compliance with the law, regulations, statutory provisions and ethical integrity. All IGI employees are committed to fulfill their duties with utmost sincerity and fairness.
- In conducting its business IGI is inspired by and acts in accordance with the principles of loyalty, fairness, transparency and efficiency.
- All employees of IGI avoid conflict of interest while conducting IGI's business and ensure that their judgment is not influenced whenever there is a prospect of direct or indirect personal gain.
- The employees of IGI should not take advantage of the Company's information or property for personal gains. Any member of IGI shall not disclose or reveal any information which is confidential in nature or any such information which may benefit the employee directly or indirectly.
- The members of IGI are forbidden to pass on inside information at any time to any other person, inside or outside the company. Inside information refers to information about IGI, its business, or any other companies doing business that is generally not known to the public, but if known would affect the price of a company's shares or influence a person's investment decision.
- The employee shall not use company resources for the benefit of political parties or any association directly or indirectly connected to a political party.
- It is the responsibility of all IGI members while dealing with government agencies, external agencies, suppliers, consultants and individuals to exercise good judgment so as to act in a manner that will not damage the integrity and reputation of the organization.
- Every employee of IGI has the right to work in an environment that is free from harassment, whether it is based on race, color, ethnic or national origin, age, gender or religion.
- IGI is an equal opportunity employer. All phases of the employment relationship including recruitment, promotion, compensation, benefits, transfers, layoffs and leaves are carried out by all managers without regard to race, color, ethnic or national origin, age, gender or religion.
- All employees are responsible for the security of, authorized access to, and proper use of IGI physical and intangible assets and any third party assets in custody with an employee.

## Board of Directors

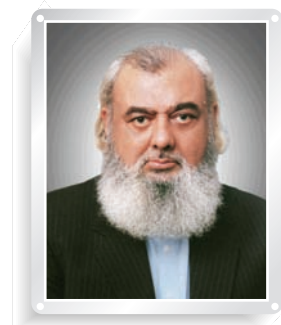
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Syed Babar Ali



Shamim Ahmad Khan



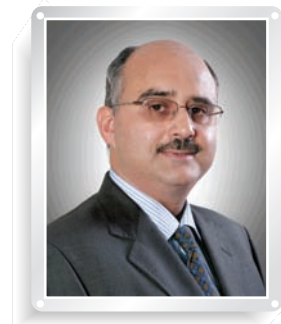
Syed Kamal Ali



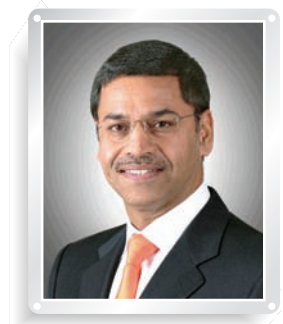
Syed Yawar Ali



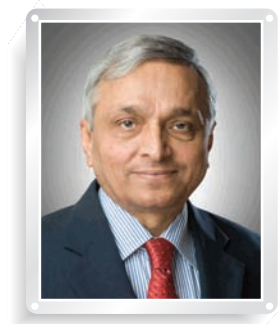
Syed Shahid Ali



Syed Hyder Ali



Waqar Ahmed Malik



Jalees Ahmed Siddiqi

## Company Information

### Board of Directors

Syed Babar Ali (Chairman)  
Shamim Ahmad Khan  
Syed Kamal Ali  
Syed Yawar Ali  
Syed Shahid Ali  
Syed Hyder Ali  
Waqar Ahmed Malik  
Jalees Ahmed Siddiqi

### Chief Executive Officer

Jalees Ahmed Siddiqi

### Company Secretary

Haider Raza

### Audit Committee

Shamim Ahmad Khan (Chairman)  
Syed Yawar Ali  
Syed Hyder Ali  
Haider Raza (Secretary)

### Investment Committee

Syed Hyder Ali (Chairman)  
Shamim Ahmad Khan  
Syed Kamal Ali  
Syed Yawar Ali  
Jalees Ahmed Siddiqi  
Farheen Shehzad (Secretary)

### Claims Committee

Shamim Ahmad Khan (Chairman)  
Shahbaz Haider Agha  
Farheen Shehzad  
Mir Mahmood Ali (Secretary)

### Underwriting Committee

Syed Hyder Ali (Chairman)  
Jalees Ahmed Siddiqi  
Shahbaz Haider Agha  
Syed Matin Ahmed  
Haider Ali  
Yasmin Sadiq (Secretary)

### Re-Insurance & Co-Insurance Committee

Syed Hyder Ali (Chairman)  
Jalees Ahmed Siddiqi  
Faisal Khan (Secretary)

### Human Resources & Compensation Committee

Syed Yawar Ali (Chairman)  
Syed Shahid Ali  
Syed Hyder Ali  
Waqar Ahmed Malik  
Jalees Ahmed Siddiqi  
Fauzia Ahmed (Secretary)

### Strategy Committee

Syed Babar Ali (Chairman)  
Shamim Ahmad Khan  
Syed Yawar Ali  
Syed Hyder Ali  
Waqar Ahmed Malik  
Jalees Ahmed Siddiqi (Secretary)

### Bankers

Allied Bank Limited  
Habib Bank Limited  
JS Bank Limited  
KASB Bank Limited  
MCB Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Faysal Bank Limited

### Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

### Internal Auditors

A.F.Ferguson & Co.  
Chartered Accountants

### Legal Advisors

Hassan & Hassan  
Lari & Company  
Ramday Law Associate  
J.H.Rahimtoola and Company Advocates

### Share Registrar

FAMCO Associates (Private) Limited  
State Life Building No. 1 A,  
1st Floor, Off I.I. Chundrigar Road,  
Karachi - 74000

### Registered & Head Office

7th Floor, The Forum,  
Suite No.701-713, G-20,  
Block 9, Khayaban-e-Jami,  
Clifton, Karachi-75600  
Pakistan

### Web Presence

[www.igiinsurance.com.pk](http://www.igiinsurance.com.pk)

### Contact

UAN: 111-308-308  
Toll Free No: 0800-2-3434  
Fax: 92-21-35301772

From L to R standing: Shahbaz Haider Agha, Syed Matin Ahmed, Yasmin Sadiq, Haider Raza, Farheen Shehzad, Haider Ali, Wajahat Malik.  
From L to R sitting: Mir Mahmood Ali, Jalees Ahmed Siddiqi, Fauzia Ahmed, Faisal Khan





## VIGILANT

Vigilance and the nature of being averse to risk is represented by a lifebuoy.

This lifebuoy represents safety, protection and assurance that a person feels when they have taken measures to safeguard their future.



## Company Profile

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### Introduction

IGI Insurance is a flagship organization of Packages Group, one of the leading business houses in Pakistan. The Company underwrites all types of property and casualty insurance: fire, marine, motor, travel, health, home and miscellaneous.

Since 1953, IGI Insurance has established a sound business footing in the non-life insurance sector in Pakistan on the basis of well-governed operations and highest ethical and moral practices. Today IGI Insurance is one of the leading quoted insurance companies of Pakistan, providing comprehensive risk management facilities to a number of distinguished local and multinational companies through a network of branches in Pakistan. Having some of the best renowned international reinsurers holding the highest ratings in their respective businesses, allows IGI Insurance to offer a diversified basket of products to its clients.

In line with the Company's growth strategy, IGI Insurance acquired the Pakistan operations of Royal and SunAlliance Plc. UK in year 2004. As a result of this transfer, IGI Insurance positioned itself amongst the top five insurance companies operating in Pakistan. The company is now a global network partner of Royal and SunAlliance Plc. UK.

IGI Insurance is a vital part of the corporate umbrella of IGI Financial Services which includes IGI Investment Bank Limited, its wholly owned subsidiaries, IGI Finex Securities Limited and IGI Funds Limited. In line with its strategy IGI Insurance has proven itself in the insurance sector as well as ensuring its presence in the financial sector by supporting its partner companies.

With an asset base of over 12 billion rupees, it is one of the leading insurance companies in Pakistan and has been rated 'AA' by PACRA for the 11th consecutive year. This rating denotes a very strong capacity to meet policyholder and contract obligations while risk factors are considered modest and the impact of adverse business and economic factors is expected to be very limited. The rating also reflects the company's strong risk absorption capacity emanating from a robust

financial profile and relatively stable underwriting performance.

IGI Insurance is committed to providing the customers with high quality risk management services in Pakistan. This is achieved through a total commitment to customer satisfaction, a highly professional attitude towards underwriting risk and prudent management practices. By developing a long-term relationship with customers over the decades, IGI Insurance has created value for customers and shareholders alike.

### Philosophy

The philosophy at IGI Insurance is to delight customers. We believe in maintaining the highest standards of integrity in relationships with all stakeholders: customers, intermediaries, employees, shareholders and business partners.

With over 55 years of sound experience IGI Insurance provides customized solutions to customers as well as timely settlement of claims leading to peace of mind.

### Our Presence

A network of branches across Pakistan is established in Karachi, Lahore, Islamabad, Faisalabad, Multan, Sialkot and Gujranwala.

This network brings with it customer friendly staff which caters to the needs of customers; additionally an easily accessible contact center facilitates customers. With technical expertise in the field of non-life insurance, IGI Insurance offers unparalleled advice and personalized services in all spheres of general insurance: fire, marine, motor, travel, health, home and miscellaneous.

### Highlights 2010

#### 27th MAP Corporate Excellence Award

IGI Insurance Limited was conferred the 27th Corporate Excellence Award in the financial category by the Management Association of Pakistan (MAP). The assessment process is concluded on the basis of detailed financial evaluation and appraisal of management



## ADVANCED

As technology is rapidly advancing one needs to keep themselves up to date on the latest technological trends. Paper is becoming a thing of the past and everything is now going online.

A significant character in the technology revolution is the "@" symbol which has revolutionized the world today.



## Company Profile

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practices in the area of corporate governance , strategic planning, leadership, marketing, social responsibility, operation management, human resources management and information technology.

### Nominated in Top 5 Best Corporate Report Award

IGI Insurance was nominated in the Top 5 Best Corporate Report (BCR) Award in the Non Banking Financial Institutions Category. The award recognizes the best annual reports of companies in terms of accuracy, transparency, usefulness and speed of financial and other disclosures made for all stakeholders along with its presentation and ability to convey corporate objectives. The award was adjudicated jointly by the Institute of Cost and Management Accountants of Pakistan (ICMAP) and Institute of Chartered Accountants of Pakistan (ICAP).

### ISO 9001:2008 Certification

Keeping up with the tradition of leading the way, IGI Insurance achieved yet another milestone in 2001 by becoming the First General Insurance Company in Pakistan to obtain the ISO 9002 Certification for its entire operations from SGS Malaysia Sdn. Bhd. In 2010, the Company reaffirmed its commitment to quality by successfully shifting to the new ISO 9001:2008 standard and certified by the certification body - SGS Malaysia.

### PACRA awards “AA” (Double A) rating

The Pakistan Credit Rating Agency PACRA has maintained the Insurer Financial Strength (IFS) rating of IGI Insurance at “AA” (Double A). IGI Insurance, one of Pakistan's leading insurers has been rated “AA” by PACRA for the 11th consecutive year. This rating denotes a very strong capacity to meet policyholder and contract obligations.

It is a reflection of IGI Insurance very strong risk absorption capacity emanating from a robust financial profile and stable underwriting performance. Meanwhile, a sizeable investment portfolio continues to fortify the company's financial strength and profitability.

### Distribution of Auto Insurance

IGI Insurance signed an agreement with Al -Shaymaa Tracking (Pvt) Ltd, subsidiary of Al-Shaymaa FZE, an investment group based in UAE. A joint product 'Guardian Cover' has been designed offering Vehicle Tracking and Anti Theft solutions along with IGI Insurance's Auto Insurance, for distribution across Pakistan.

### Automation of Claims & Accounts

IGI Insurance is amongst the First Insurance Companies in Pakistan to automate all claims & accounting processes. SysFlow Management System was introduced in claims, which allows for internal monitoring of claims, resulting in more efficient processing of claims and faster settlement.

### Centralization of Claims & Underwriting

IGI Insurance centralized the claims of Islamabad, Faisalabad, Multan, Sialkot and Gujranwala branch in Karachi further reducing the average claims settlement time and claims outstanding. The company now has one of the fastest claim settlement process, with average claim settlement time upto 5 working days after completion of documentation.

Keeping in view the continuous improvement in service orientation and quality standards, underwriting operations of Sialkot, Faisalabad and Gujranwala branches have been centralized in Lahore Branch.

### Web based Core Insurance Application

IGI insurance has acquired a Web based General Insurance System using latest technologies of Java and Oracle. This is an integrated application having Modules of underwriting, claims, reinsurance, finance and health. It is a centralized database, which reduces administration and end user support, with no need for daily data merging. Additionally it allows for availability of consistent and real time data, with increased security and control.

## COHESIVE

Success of any organization depends on the synergy and cohesion between each of its departments.

This harmony within an organization is represented by the symbol of a beehive which is perfect in its proportions and nature's definition of synergy.





## Company Profile

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### Auto Incentive Scheme 2010

IGI Insurance launched the Auto Incentive Scheme for the 3S Auto Dealers all across Pakistan for the months of July -September. For the first time IGI Insurance provided its auto dealers with a chance to win International tour packages along with other gifts.

### Travel Sure Incentive Scheme 2010

IGI Insurance launched the Travel Sure Incentive Scheme for travel agents all across Pakistan aimed at boosting sales of IGI Insurance Travel Sure policies during the high peak travel season. This year's incentive scheme promised even better and bigger gifts for its travel partners.

### 57th Annual Sales Conference

The 57th Annual Sales Conference was held in Murree. The forum acted as a platform to highlight the achievements, successful ventures, and sales performance for the year, with awards given to employees for their contribution. The management's vision, and sales strategy and directives were discussed for year 2010.

## Products and Services

### Fire & Allied Perils Insurance

This covers property insurance for factories, offices and homes and it provides coverage against perils like fire and lightning which can be extended to cover the following: impact damage, storms, earthquakes, rain-flood damage, riot and strike damage, burglary and malicious damage, etc.

### Loss of Profit following Fire and Allied Perils

In the event of any interruption to a business as a result of damage to the premises due to any peril insured under the Fire Material Damage, this cover enables the policy holder to recover:

- Loss of Gross Profit due to a reduction in turnover
- Increased cost of working incurred in minimizing the loss of Gross Profit

### Auto Cover

Auto Cover is a complete auto insurance plan for individuals and corporate offering a comprehensive cover including theft, snatching, armed hold up, accidental damage, third party liability and terrorism. It gives the liberty to have the vehicle repaired at the workshop of the customers own choice and the cost of repairs being directly settled with the workshop. Our customers can now enjoy the competitive rates with the facility of an extremely helpful call centre. Guaranteed settlement of snatching/ Theft/Total Loss claims within 5 days of completion of documents. Free anti theft device without any renewal condition.

In an effort to creating alliances with complementing companies, IGI Insurance takes another step forward by joining hands with Pak Suzuki Motors, creating a customized product the 'IGI Insurance-PSM Auto Cover'. An insurance program that provides customers a hassle free paced up and easy solution for vehicles.

- Most competitive rates
- Online/instant coverage
- Comprehensive insurance policy
- Fastest claim settlement time
- Nationwide insurance policy acceptance/claim settlement at any Pak Suzuki authorized dealerships
- Standardized repair using Suzuki genuine parts
- Repair at Pak-Suzuki authorized dealer workshops
- Largest countrywide dealer network support



## INNOVATIVE

Time is changing at a rapid pace and those who remain ahead of time and come up with newer and brighter ideas find success.

Light bulb is the universal insignia of innovation and brilliance.



## Company Profile

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### Marine Cover

This covers imports and exports of consignments, risks of financial loss arising from loss of or damage to goods due to hazards and perils of transportation - loss or damage of cargo during transit by Air, Sea and Rail/Road. It also covers dispatch of finished goods from the insured factory to anywhere in Pakistan.

This kind of coverage is also provided to transport-related businesses such as Shipping Agents, Freight Forwarders, Terminal Operators, Stevedores, Courier Services, etc.

### Travel Sure

IGI Insurance Travel Sure offers the widest coverage with most affordable premium structure. Our customer service standards are second to none, with an assurance that in the event of an unexpected travel mishap, the customer is adequately covered.

In addition to Travel Sure - upgraded to the finest and Travel Sure-Senior Citizens Plan, a package that suits travelers aged 65+, we have aimed at further product variances with the Travel Sure - Student Plan, Far East Plan and the No Icing Plan.

With the above mentioned Travel Sure plans our customers have the freedom of availing medical benefits at foreign facilities through our health care service providers, International SOS Pte Limited available on a 24-hour call collect number that will guide and support in all emergencies. Additionally, we provide a range of free assistance services for our valued clients:

- Medical And Sickness Expense
- Repatriation of Family member
- Emergency return home following death of a close family member

- Loss of checked baggage and passport
- Delay of flight and checked in baggage
- Delivery of medicines
- Emergency sickness dental expense
- Travel and stay over one immediate family member
- Trip cancellation and curtailment

### Health Sure

Health Sure covers expenses incurred during hospitalization due to sickness, emergency and accidents. It is a managed care system providing quality healthcare at an affordable cost, comprising of;

- A network of over one hundred carefully selected hospitals all over the country
- Qualified staff doctors nationwide
- An expert claims handling team

In addition to the quality of care we also offer the following value added benefits:

- No pre-authorization for admission
- Pre and post hospitalization expenses
- Credit facility at our panel of well-reputed hospitals across Pakistan
- No limit on length of stay in the hospital
- No sub limits on hospital procedures or surgeries
- Patient's meals covered
- Local ambulance to and between hospitals charges
- Discounts on consultations, dental treatments, diagnostic services and at pharmacies
- Out of network treatment reimbursement



## PROGRESSIVE

When roots are strong then growth is inevitable.

Progression by leaps and bounds is represented by a simple symbol of leaf. Fresh, strong and full of life, Leaf is the ultimate representation of moving forward.



## Company Profile

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- Discretionary Benefit Option (DBO) to pay for costs normally excluded from the policy
- 24 hours Medical Hotline managed by our staff doctors
- Easy to carry Health Card

### Home Cover

Home Cover - a comprehensive plan for Home Insurance that includes the coverage of Home Property, Contents (furniture, carpets, electronic equipment etc.), Jewellery (at home or at the locker), Home Owner Free Rent, Home Tenants Free Rent and Cash at Home. This insurance plan covers against the following perils for a maximum of Rs.20 million:

- Fire, Lightning or Explosion
- Aircraft and other aerial devices dropped therefrom
- Earthquake, Storm, Tempest and Flood
- Bursting or overflowing of water tanks
- Impact by any vehicle
- Riot and Strike
- Malicious Act
- Burglary, House Breaking including Dacoity
- Impact of Tree Falling

### Miscellaneous Insurance

We also provide customized insurance solutions for our corporate clients. The covers range from the insurance of engineering projects to electric equipment and machinery.

Wide range of industrial risks are also covered such as business interruption, contractors all risk, risk of computer data loss and machinery erection all risks. Pecuniary covers are available under cash in safe, cash in transit and fidelity guarantee policies. All these covers are grouped together in the miscellaneous insurance covers. Another cover available under the miscellaneous insurance head is the personal accident insurance. This covers the risk of accidental death or injury to individuals.

### Reinsurance Arrangements:

IGI Insurance has re-insurance agreements with the most prestigious and world-renowned re-insurers holding strong financial strength ratings in their respective businesses. The Company is referenced for its good standing and reputation by domestic as well as international reinsurers. Among these are:

- Swiss Re
- Scor Global P&C
- Hannover Re
- Mitsui Sumitomo Re
- Brit Insurance
- Zurich Insurance Company
- Korean Re
- Malaysian Re
- Best Re
- Arab Insurance Group (ARIG)
- Pak Re



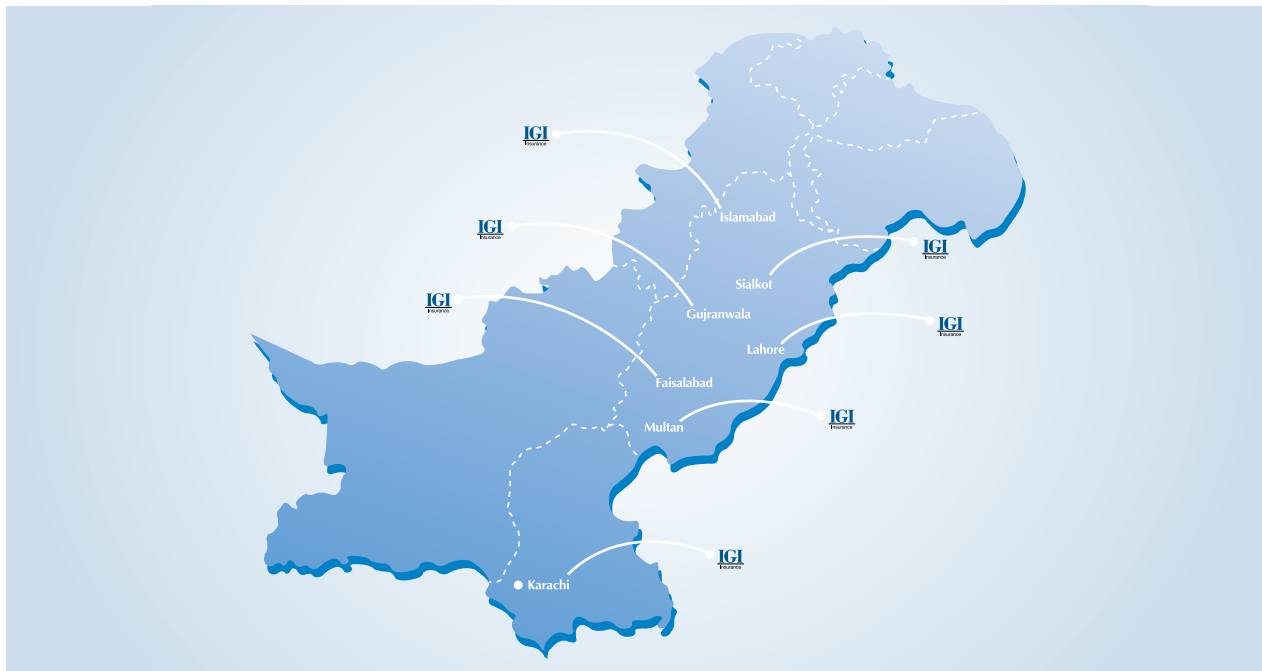
## TRANSPARENT

Sincere and transparent functions build the credibility of any organization.

Absolute transparency in work processes is represented by a pure water droplet, as it symbolizes clarity and honesty.



## IGI Presence



### Karachi Registered & Head Office

7th Floor, The Forum, Suite Nos.701-713,  
G-20, Block-9, Khayaban-e-Jami, Clifton,  
Karachi

UAN : 92-21-111-234-234  
Fax : 92-21-35301772  
92-21-35301729

### Karachi

Bungalow # D-32,  
Block - 2 Kehkashan, Clifton  
Karachi - 74000.

UAN : 92-21-111-308-308  
Phone : 92-21-35831030-32,  
92-21-35831062-64  
Fax : 92-21-35821945  
E-mail : insurance.karachi@igi.com.pk

### Islamabad

Mezzanine Floor, Razia Sharif Plaza,  
90, Blue Area, G/7, Islamabad.

UAN : 92-51-111-308-308  
Phone : 92-51-2277355  
92-51-2273840  
Fax : 92-51-2277356  
E-mail : insurance.islamabad@igi.com.pk

### Faisalabad

Second Floor, Sitara Tower  
Bilal Chowk, Civil Lines, Faisalabad

UAN : 92-41-111-308-308  
Phone : 92-41-2629416,  
92-41-2602415  
92-41-2644735  
Fax : 92-41-2629415  
E-mail : insurance.faisalabad@igi.com.pk

### Lahore

First Floor, 5-F.C.C,  
Syed Maratib Ali Road, Gulberg,  
Lahore - 54660

UAN : 92-42-111-308-308  
Phone : 92-42-35753404-06  
92-42-35763840  
92-42-35763890  
Fax : 92-42-35752338  
92-42-35763542  
E-mail : insurance.lahore@igi.com.pk

### Gujranwala

Office No. 4, 2nd Floor,  
Bhutta Centre,  
G.T. Road, Gujranwala

Phone : 92-55-4294260  
92-55-4294274  
Fax : 92-55-4294273  
E-mail : insurance.gujranwala@igi.com.pk

### Sialkot

Suite No. 10 & 11, First Floor, Soni Square, Khadim Ali Road,  
Mubarik Pura, Sialkot.

Phone : 92-52-3258437  
92-52-3258762  
Fax : 92-52-3258438  
E-mail : insurance.sialkot@igi.com.pk

### Multan

Mezzanine Floor, Abdali Tower  
Abdali Road, Chowk Nawa Shehar, Multan Cantt.

Phone : 92-61-4784402  
92-61-4500179  
Fax : 92-61-4784403  
E-mail : insurance.multan@igi.com.pk



## METICULOUS

Precision and accuracy make a difference in any kind of work.

Keeping a thorough check on quality and standards ensure the integrity of an organization and enables its customers to have firm belief in its services.





# Organogram



## Executive Profile

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**Jalees Ahmed Siddiqi**  
Chief Executive Officer

Jalees Ahmed Siddiqi joined IGI Insurance with over thirty five years of experience spanning major global and national corporations in various industry segments.

His background, among others, includes achievement of operational excellence in implementing significant change management initiatives, resource optimization and building leadership capability at management level.



**Shahbaz Haider Agha**  
Head of Marketing & Sales

Shahbaz joined IGI Insurance in 2004 as Head of Marketing & Sales. Prior to joining IGI Insurance, he spent 13 years at Royal & Sun Alliance Insurance Plc. Shahbaz has a BS in Commerce from Indiana University, US and MBA from National College of Business Administration & Economics, Lahore.



**Mir Mahmood Ali**  
Head of Claims

Mir Mahmood Ali joined IGI as Head of Claims in December 2007. He has over 10 years of management experience in the insurance industry. Before being associated with IGI Insurance, Mahmood was Senior Vice President Claims for a Takaful company. He has also spent 11 years at Royal & Sun Alliance Insurance Plc as Manager Claims.



**Faisal Khan**  
Head of Reinsurance & Risk Management

Faisal has been with IGI Insurance since 2006. He was appointed Head of Reinsurance and Risk Management in 2008. Previously, Faisal has worked in a major insurance company and was associated earlier in engineering roles in national organizations.



**Syed Matin Ahmed**  
Head of Marine & Miscellaneous Underwriting

Matin brought 20 years of professional experience of handling Claims and Underwriting with leading insurance companies. He assumed the responsibility of heading Marine & Miscellaneous Underwriting in 2006. Prior to joining IGI Insurance, Matin spent 12 years at Royal & Sun Alliance Plc and is a graduate from University of Karachi.

## Executive Profile

---



**Yasmin Sadiq**  
Head of Motor Underwriting

Yasmin joined IGI Insurance in 2004 and has over 10 years of experience in Motor Underwriting. Before joining IGI, she worked for Royal & Sun Alliance Plc in various progressive roles. She is a graduate from Government College of Commerce & Economics, Karachi.



**Haider Ali**  
Head of Fire Underwriting

Haider entered the insurance industry with the IGI team in 1993, and has grown with the Company in competence and profession. He has 12 years of Fire Underwriting expertise and is currently heading Fire Underwriting. Haider holds a Masters degree from University of Karachi.



**Haider Raza**  
Company Secretary

Haider is an Associate Public Accountant from Pakistan Institute of Public & Finance Accountants. He has over 20 years of professional experience in accounting, finance, audit and taxation. Haider joined IGI Insurance in 2004 and currently has dual responsibility as DGM Accounts and Company Secretary. He has also worked for Royal & Sun Alliance and a MNC.



**Farheen Shehzad**  
AGM Finance & Accounts

Farheen, assumed the role of AGM Finance & Accounts with IGI Insurance in 2008. She is a Chartered Accountant from Institute of Chartered Accountants of Pakistan and has completed her articleship with KPMG Taseer Hadi & Co. Farheen spent an additional year with KPMG Taseer Hadi & Co. gaining audit and client management experience before joining IGI.



**Fauzia Ahmad**  
Group Head Human Resources

Fauzia became part of the IGI team as Group Head HR in early 2009, bringing with her over 15 years of national and international professional experience. She holds an associate degree in IT from Canada and HR certifications from UK. Fauzia made her transition to Human Resources Management in 2000 in a leading MNC.



**Wajahat Malik**  
Group Head IT

Wajahat Malik, an IT professional with over ten years of working experience, joined IGI Insurance in 2007 as Group Head IT. He was previously, Head of Systems & Network with a bank. Earlier he worked in Systems Admin & Internal Network areas in a local and foreign bank.

## Board Committees

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### Audit Committee

In line with the best practices, the Board of Directors has established the Audit Committee. The terms of reference of the Committee have been Developed on the lines as laid down in the Code of Corporate Governance and approved by the Board.

#### These are as follows:

- i) To recommend to the Board of Directors the appointment of external auditors by the Company's shareholders and consider any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to audit of its financial statements;
- ii) To review the quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors;
- iii) To facilitate the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight;
- iv) To review the management letter issued by external auditors and management's response thereto;
- v) To ensure coordination between the internal and external auditors of the Company;
- vi) To review the scope and extent of internal audit and ensuring that the outsourced Internal Audit function has adequate resources and skill sets to carry out the function;
- vii) To consider the major findings of internal investigations and management's response thereto;
- viii) To ascertain that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;
- ix) To determine compliance with relevant statutory requirements; and
- x) To monitor compliance with the best practices of corporate governance and identification of significant violations thereof.

The Audit Committee comprises of the following members:

Shamim Ahmad Khan  
*Non-executive & Independent Director (Chairman)*

Syed Yawar Ali  
*Non-executive Director*

Syed Hyder Ali  
*Non-executive Director*

Haider Raza  
*Secretary to the Committee*

During the year, the Committee met four times.

### Human Resources Committee

Human Resources Committee assists the Board in fulfilling its obligations relating to human resources and related matters and to establish a plan of continuity and development of senior management for IGI Insurance Limited. The Terms of Reference of HR Committee are as follows:

- i) To review and recommend the organizational structure of the Company;
- ii) To review and recommend the compensation and benefits philosophy and strategy within the Company;
- iii) To review and recommend to the Board the Company's Human Resources management, including recruitment, retention, training, performance management and related matters and to report the Board on the implementation of these strategies at least once a year;
- iv) To review the Company's strategy for succession planning across all management levels and to ensure that comprehensive succession plans are in place for senior executive positions;
- v) To review and recommend, in consultation with the CEO, the compensation of all its employees, including incentive, benefit and retirement plans;
- vi) To review the amount of incentive bonus based on corporate and individual performance, for the purpose of incentives calculation; and

## Board Committees

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- vii) To review and recommend the CEO's compensation, including incentive, benefit and retirement plans, to the Board for approval.

The Human Resources Committee comprises of the following members:

Syed Yawar Ali

*Non-executive Director (Chairman)*

Syed Shahid Ali

*Non-executive Director*

Syed Hyder Ali

*Non-executive Director*

Waqar Ahmed Malik

*Non-executive & Independent Director*

Jalees Ahmed Siddiqi

*Chief Executive Officer*

Fauzia Ahmed

*Head of Human Resources & Secretary to the Committee*

During the year, the Committee met one time.

### Underwriting Committee

- The Underwriting Committee formulates the underwriting policy of the Company;
- It sets out the criteria for assessing various types of insurance risks and determines the premium policy of different insurance covers; and
- It regularly reviews the underwriting and premium policies of the Company with due regard to relevant factors such as its business portfolio and the market development.

The Underwriting Committee comprises of the following members:

Syed Hyder Ali

*Non-executive Director (Chairman)*

Jalees Ahmed Siddiqi

*Chief Executive Officer*

Yasmin Sadiq

*Head Underwriting - Motor & Secretary to the Committee*

Shahbaz Haider Agha

*General Manager - Marketing*

Haider Ali

*Head Underwriting - Fire*

Syed Matin Ahmed

*Head Underwriting - Marine & Misc.*

During the year, the Committee met four times.

### Claims Settlement Committee

- This Committee devises and reviews the claims settlement policy of the Company;
- It oversees the claims position of the Company and ensures that adequate claims reserves are made;
- The Claims Settlement Committee determines the circumstances under which the claims disputes shall be brought to its attention and decides how to deal with such claims disputes; and
- It also oversees the implementation of the measures for combating fraudulent claims cases.

The Claims Settlement Committee comprises of the following members:

Shamim Ahmad Khan

*Non-executive & Independent Director (Chairman)*

Shahbaz Haider Agha

*General Manager - Marketing*

Farheen Shehzad

*Assistant General Manager (Accounts)*

Mir Mehmood Ali

*Head Claims & Secretary to the Committee*

During the year, the Committee met four times.

### Re-insurance & Co-insurance Committee

- This committee ensures that adequate re-insurance arrangements are made for the Company's businesses;

## Board Committees

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- It peruses the proposed re-insurances arrangements prior to their execution, reviews the arrangements from time to time and subject to the consent of the participating re-insures, makes appropriate adjustments to those arrangements in the light of the market development; and
- It also assesses the effectiveness of the re-insurance programme for future reference.

The Re-insurance & Co-insurance Committee members are as follows:

Syed Hyder Ali  
*Non-executive Director (Chairman)*

Jalees Ahmed Siddiqi  
*Chief Executive Officer*

Faisal Khan  
*Head Re-insurance & Secretary to the Committee*

During the year, the Committee met four times.

### Investment Committee

The purpose of the Investment Committee is to recommend to the Board the investment policy, including the asset mix policy and the appropriate benchmark. The Investment Committee also reviews the effectiveness of these policies and their implementation and the Company's risk management approach. The terms of reference of the Investment Committee are as follows:

- i) To review performance for all asset classes and total portfolio relative to the appropriate benchmark.
- ii) To review management's proposed annual rate of return to be included in the Company's budget;
- iii) To review the risk assumptions and asset return assumptions embedded in the current investment policy statement and, if changes have occurred, then review the policy asset mix and the weighted benchmark standard of performance;

- iv) To approve investments beyond delegated limits; and
- v) To ensure compliance with applicable legislation.

The Investment Committee comprises of the following members:

Syed Hyder Ali  
*Non-executive Director (Chairman)*

Shamim Ahmad Khan  
*Non-executive & Independent Director*

Syed Kamal Ali  
*Executive Director*

Syed Yawar Ali  
*Non-executive Director*

Jalees Ahmed Siddiqi  
*Chief Executive Officer*

Farheen Shehzad  
*Assistant General Manager & Secretary to the Committee*

During the year, the Committee met four times.

## Key Financial Data (Ten years at a glance)

	(Rupees in thousand)									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Gross Premium	1,296,765	1,151,797	1,035,218	1,060,836	916,696	642,592	430,341	363,271	302,429	247,376
Underwriting Profit	205,095	253,103	193,166	160,102	226,929	190,065	106,878	99,333	90,082	70,480
Investment Income	929,344	(414,649)	(157,476)	3,021,533	7,315,629	258,822	230,054	215,851	147,158	90,875
(Provision)/Revesal For Diminution In Value Of Investments	582,688	(703,432)	(362,694)	61,703	-	1,328	(13,627)	3,795	23,238	31,930
Profit Before Tax	920,771	364,766	(404,103)	2,983,516	7,357,109	326,757	260,565	280,652	215,415	128,085
Income Tax	84,215	100,800	(27,061)	53,938	14,739	37,014	28,000	41,100	41,543	17,514
Profit After Tax	836,556	263,966	(377,042)	2,929,578	7,342,370	289,743	232,565	239,552	173,872	110,571
Ebitda Margin	1,021,011	527,862	(156,861)	3,142,875	7,471,799	387,382	269,155	290,328	227,352	154,638
Employees Remuneration	127,835	110,315	102,072	83,486	68,076	51,823	32,730	28,028	21,351	17,373
Cash Dividend	215,528	209,541	89,803	127,720	79,825	61,404	55,264	92,106	64,074	48,541
Cash Dividend %	30	35	15	40	40	40	45	75	60	50
Stock Dividend	371,187	-	199,563	79,825	119,738	46,053	30,702	-	16,018	9,708
Stock Dividend %	55	-	50	25	60	30	25	-	15	10
Break-up Value Per Share -Rs	161	183	181	353	426	80	81	62	49	43
Market Value Per Share -Rs	97	88	115	420	399	271	250	226	93	58
Earning Per Share -Rs	11.64	4.41	(6.30)	91.75	367.92	18.87	18.94	19.51	16.28	11.39
Shareholders Equity	11,575,854	10,960,813	10,846,519	11,271,456	8,509,721	1,228,755	994,276	763,967	524,416	417,852
Paid Up Capital	718,427	598,689	598,689	319,301	199,563	153,510	122,808	122,808	106,790	97,082
General & Capital Reserves	10,264,964	10,534,374	10,624,177	8,103,740	823,740	673,740	704,442	543,740	409,758	308,448
Unexpired Risk / Unearned Premium, Commission And Prepaid Premium	324,947	279,509	247,684	243,288	253,616	156,419	145,643	74,856	53,831	50,022
Total Assets-at Book Value	12,960,451	12,366,066	13,200,639	14,099,555	10,399,049	2,957,949	1,626,127	1,086,527	894,876	822,136
Investments-at Book Value	11,905,802	11,235,758	11,709,948	12,404,727	9,246,735	1,873,786	954,802	728,863	626,916	530,027
Investments-at Market Value	14,367,621	9,393,620	8,964,435	16,647,641	9,765,736	8,286,127	5,624,871	4,335,668	2,519,780	1,668,000
Loss Ratio	51	42	45	57	44	45	41	38	30	42
Expense Ratio	21	17	20	16	7	(3)	11	(4)	3	(11)
Underwriting Profit To G.P Ratio	16	22	19	15	25	30	25	27	30	28
Pbt To Gross Premium Ratio	71	32	(39)	281	803	51	61	77	71	52
Return On Equity	8	3	(3.0)	26	86	27	26	37	41	31
Total Assets Turnover Ratio	10	9	8	7	7	21	26	33	33	30
Investment Yield Ratio	6	(4)	(2)	18	75	3	4	5	6	5
Price Earning Ratio	8	20	(18)	5	1	14	13	12	6	5
Dividend Payout Ratio	26	79	(24)	4	1	21	24	38	37	44
Dividend Yield	3	4	1	1	1	1	2	3	6	9
Return On Assets	6	2	(3)	21	71	10	14	22	19	13

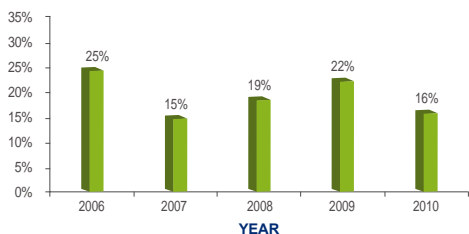
## Key Financial Data (For the year)

	2010	2009						
	(Rupees in thousand)							
<b>PROFIT AND LOSS ACCOUNT</b>								
Gross Written Premium	1,296,765	1,151,797						
Net Written Premium	755,304	665,005						
Net Premium Revenue	720,733	614,586						
Claims Incurred	473,625	437,930						
Net Claims Expenses	364,411	257,052						
Direct Expenses	186,172	169,628						
Commission Income	142,023	164,226						
Commission Expense	107,078	99,029						
Underwriting Profit	205,095	253,103						
Investment Income	929,344	(414,649)						
Profit/(Loss) Before Tax	920,771	364,766						
Profit/(Loss) After Tax	836,556	263,966						
<b>TECHNICAL RESERVES COVER</b>								
Fire	230,376	292,619						
Marine	56,632	48,616						
Motor	271,644	237,233						
Miscellaneous	142,714	121,054						
<b>Total</b>	<b>701,366</b>	<b>699,522</b>						
<b>CORPORATE ASSETS</b>								
Investment Property	96,928	-						
Investment in Fixed Assets	173,894	282,545						
Equity Investment in Associated Companies	4,860,601	4,851,740						
Other Investments	7,045,201	6,384,018						
<b>Total Investments</b>	<b>11,905,802</b>	<b>11,235,758</b>						
<b>Total Investments at Realizable Value</b>	<b>14,367,621</b>	<b>9,393,620</b>						
<b>NUMBER OF EMPLOYEES</b>								
Karachi Corporate Office	23	30						
Karachi	24	25						
Lahore	45	48						
Islamabad	12	12						
Faisalabad	5	5						
Multan	3	5						
Sialkot	4	4						
Gujranwala	2	2						
<b>Total</b>	<b>118</b>	<b>131</b>						
	<b>2010</b>	<b>2009</b>						
<b>RATIOS</b>	<b>Fire</b>	<b>Marine</b>	<b>Motor</b>	<b>Misc</b>	<b>Fire</b>	<b>Marine</b>	<b>Motor</b>	<b>Misc</b>
Net Premium to Gross Premium	20%	52%	94%	60%	21%	54%	84%	59%
Loss Ratio	38%	31%	55%	62%	1%	15%	56%	58%
Expense Ratio	10%	26%	22%	20%	-14%	4%	27%	25%
Reserves to Net Premium	290%	50%	68%	113%	394%	40%	73%	130%
Policy Acquisition Cost to Gross Premium	25%	28%	20%	19%	23%	24%	23%	25%

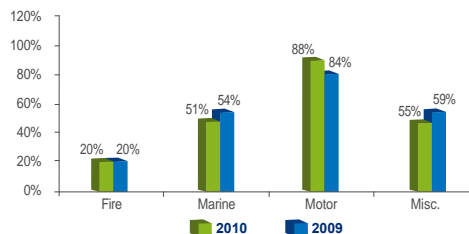


# Key Financial Data

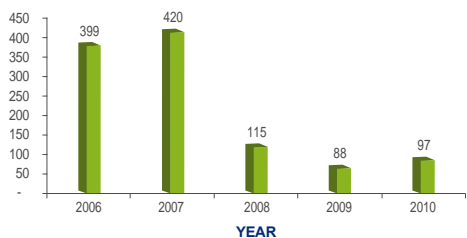
**UNDERWRITING PROFIT TO GROSS PREMIUM RATIO**



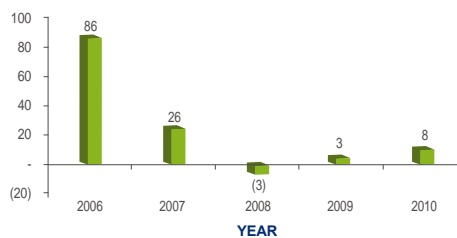
**NET PREMIUM TO GROSS PREMIUM RATIO**



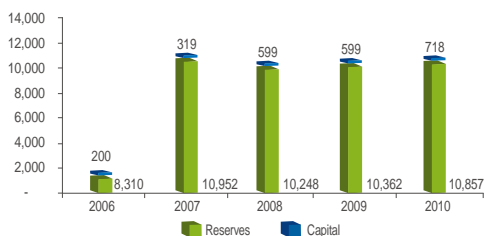
**\* MARKET PRICE PER SHARE (RUPEES)**



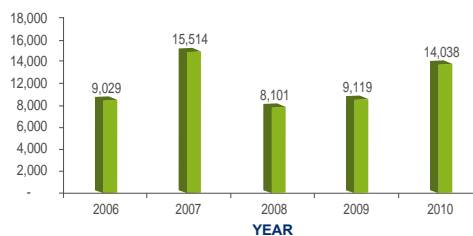
**\* RETURN ON EQUITY (PERCENTAGE)**



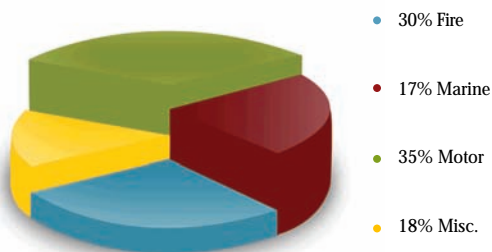
**SHAREHOLDER'S EQUITY AT BOOK VALUE (RUPEES IN MILLION)**



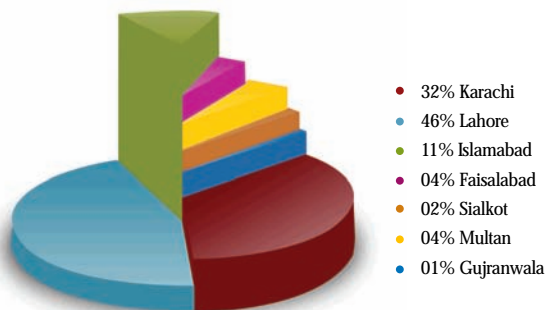
**SHAREHOLDER EQUITY AT MARKET VALUE (RUPEES IN MILLION)**



**GROSS PREMIUM BUSINESS WISE (2010)**



**GROSS PREMIUM AREA WISE (2010)**



\* Previous years are unadjusted for bonus issues, if any.

## Summarized Data

### Balance Sheet

	2010	2009
	(Rupees in thousand)	
<b>Liabilities</b>		
Shareholders' equity	11,575,854	10,960,813
Insurance related liabilities	827,721	764,246
Other liabilities	556,876	641,007
<b>Total liabilities</b>	<b>12,960,451</b>	<b>12,366,066</b>

### Assets

Investments		11,905,802
11,235,758		
Investments property	96,928	-
Insurance related assets	587,844	692,414
Fixed assets		173,894
282,545		
Other assets	195,983	155,349
<b>Total assets</b>	<b>12,960,451</b>	<b>12,366,066</b>

Underwriting profit	205,095	253,103
Investment income	863,065	306,628
Other income	28,228	24,051
Other expenses	(175,617)	(219,016)
<b>Profit / (loss) before tax</b>	<b>920,771</b>	<b>364,766</b>

Cash inflow from operating activities	278,667	126,941
Cash inflow from investing activities	175,741	768,554
Cash (outflow) from financing activities	(369,442)	(587,100)
Cash at beginning of the year	(480,872)	(789,267)
<b>Cash at end of the year</b>	<b>(395,906)</b>	<b>(480,872)</b>

## Statement of Value Addition

	2010	2009
	(Rupees in thousand)	
Gross Premium(including FED and FIF)	1,490,755	1,295,198
Add: Other income	9,647	6,485
Income from investment	863,065	306,628
	872,712	313,113
	2,363,467	1,608,311
Management and other expenses	(968,908)	(829,204)
Total value added	1,394,559	779,107

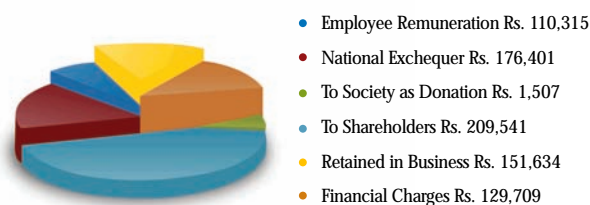
### DISTRIBUTED AS FOLLOWS

Employee remuneration	127,835	110,315
National Exchequer as:		
Company taxation	67,002	33,000
Levies( including FIF and FED)	193,990	143,401
To Society as donation	2,428	1,507
To shareholders:		
Dividend	215,528	209,541
Bonus shares	119,738	-
Retained in business:		
Depreciation	33,677	33,387
Net earnings	567,798	118,247
Financial charges	66,563	129,709
Total	1,394,559	779,107

DISTRIBUTION OF VALUE ADDED FY-2010



DISTRIBUTION OF VALUE ADDED FY-2009



## Horizontal Analysis

Balance Sheet	2007	2008	2009	2010
Cash and bank deposits	100	125	3	0
Investments	100	94	91	96
Investment property	-	-	-	100
Deferred tax	-	100	-	-
Premiums due but unpaid - unsecured	100	133	99	103
Amounts due from other insurers / reinsurers - unsecured	100	63	86	71
Accrued investment income	100	52	81	85
Reinsurance recoveries against outstanding claims	100	82	72	40
Prepaid reinsurance premium ceded	100	92	65	72
Others	100	61	69	60
Taxation - payments less provision	100	115	116	111
Sundry receivables	100	36	24	48
Fixed assets	100	98	91	54
Intangible	-	-	100	233
<b>Total Assets</b>	<b>100</b>	<b>94</b>	<b>88</b>	<b>92</b>
Issued, subscribed and paid up share capital	100	187	187	225
Unappropriated profits / (Accumulated losses)	100	(13)	(6)	21
Reserves	100	131	130	127
Provision for outstanding claims [including IBNR]	100	77	60	48
Provision for unearned premium	100	95	94	106
Commission income unearned	100	121	81	104
Deferred tax	100	-	169	226
Premiums received in advance	100	9	17	6
Amounts due to other insurers / reinsurers	100	38	16	39
Accrued expenses	100	125	85	100
Sundry creditors	100	119	128	222
Long term finance	100	80	10	-
Short term finance	100	89	41	34
Unclaimed dividend	100	103	136	182
<b>Total Shareholders' Equity and Liabilities</b>	<b>100</b>	<b>94</b>	<b>88</b>	<b>92</b>
<b>Profit and Loss Account</b>				
Net premium revenue	100	89	101	119
Net claims	100	69	74	105
Expenses	100	96	99	109
Net commission	100	78	90	48
Investment income	100	(5)	(14)	31
Other income	100	123	82	96
Financial charges	100	161	97	50
General and administration expenses	100	94	78	96
Share of (loss) / profit of associates	100	(772)	3,614	(332)
Profit / (Loss) before tax	100	(14)	12	31
Taxation	100	(50)	187	156
<b>Profit / (Loss) after tax</b>	<b>100</b>	<b>(13)</b>	<b>9</b>	<b>29</b>

## Vertical Analysis

Balance Sheet Items	2010	2009	2008
Cash and bank deposits	0.0%	0.1%	2.0%
Investments	91.9%	90.9%	88.7%
Investment property	0.7%	0.0%	0.0%
Deferred tax	0.0%	0.0%	0.1%
Premiums due but unpaid - unsecured	1.0%	1.0%	1.3%
Amounts due from other insurers / reinsurers - unsecured	1.6%	2.1%	1.4%
Accrued investment income	0.1%	0.1%	0.0%
Reinsurance recoveries against outstanding claims	0.7%	1.4%	1.5%
Prepaid reinsurance premium ceded	1.1%	1.1%	1.4%
Others	0.1%	0.1%	0.1%
Taxation - payments less provision	0.6%	0.6%	0.6%
Sundry receivables	0.8%	0.4%	0.6%
Fixed assets	1.3%	2.3%	2.3%
Intangible	0.1%	0.0%	0.0%
<b>Total Assets</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Issued, subscribed and paid up share capital	5.5%	4.8%	4.5%
(Accumulated losses) / Unappropriated profits	4.6%	-1.4%	-2.9%
Reserves	79.2%	85.2%	80.5%
Provision for outstanding claims [including IBNR]	1.8%	2.3%	2.8%
Provision for unearned premium	3.3%	3.0%	2.9%
Commission income unearned	0.4%	0.3%	0.4%
Deferred tax	0.5%	0.4%	0.0%
Premiums received in advance	0.0%	0.0%	0.0%
Amounts due to other insurers / reinsurers	0.6%	0.3%	0.6%
Accrued expenses	0.3%	0.3%	0.4%
Sundry creditors	0.7%	0.4%	0.4%
Long term finance	0.0%	0.3%	2.4%
Short term finance	3.1%	3.9%	7.9%
Unclaimed dividend	0.0%	0.0%	0.0%
<b>Total Shareholders' Equity and Liabilities</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Profit and Loss Account</b>			
Net premium revenue	100	100	100
Net claims	50.6%	41.8%	44.4%
Expenses	25.8%	27.6%	29.4%
Net commission	-4.8%	-10.6%	-9.4%
Amortization of Goodwill	0.0%	0.0%	0.0%
Investment income	-128.9%	67.5%	29.0%
Rental income	-2.6%	-2.9%	-2.8%
Other income	-1.3%	-1.1%	-3.9%
Financial charges	9.2%	21.1%	39.7%
General and administration expenses	15.1%	14.5%	19.7%
Share of (loss) / profit of associates	9.2%	-117.4%	28.4%
Taxation	11.7%	16.4%	-5.0%
Profit / (loss) after tax	116.1%	43.0%	-69.5%
	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## Shareholders' Information

### Registered Office

7th Floor, The Forum,  
Suite No.701-713, G-20,  
Block-9, Khayaban-e-Jami  
Clifton, Karachi-75600 Pakistan.  
Tel # 111-234-234  
Fax # 92-21-35301772  
Web site: www.igiinsurance.com.pk

### Share Registrar Office

FAMCO Associates (Private) Limited  
State Life Building No. 1-A  
1st Floor, Off I.I. Chundrigar Road  
Karachi - 74000  
Tel # (9221) 32420755  
Fax# (9221) 32426752

### Listing on Stock Exchanges

IGI equity shares are listed on Karachi Stock Exchange (KSE) and Lahore Stock Exchange (LSE).

### Listing Fees

The annual listing fee for the financial year 2010-2011 has been paid to both the stock exchanges within the prescribed time limit.

### Stock Code

The stock code for dealing in equity shares of IGI at KSE and in LSE is IGIII.

### Investor Service Centre

IGIII share department is operated by FAMCO Associates (Private) Limited Registrar Services. It also functions as an Investor Service Centre and has been servicing nearly 1,492 shareholders. The Investor Service Centre is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function. The team is headed by Mr. Owais Khan at Registrar Office and Mr. Haider Raza, Deputy General Manager Accounts and Company Secretary at IGI Registered Office.

IGI's share department has online connectivity with Central Depository Company of Pakistan Limited. The share department undertakes activities pertaining to dematerialization of shares, shares transfer and transmission, issue of duplicate/ re-validated dividend warrants, issue of duplicate / replaced share certificates, change of address and other related matters.

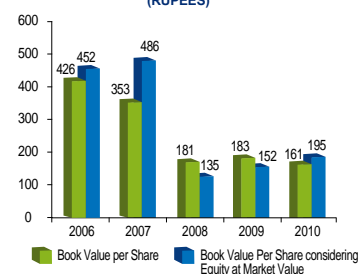
For assistance, shareholders may contact either the Registered Office or the Share Registrar Office.

### Contact Persons:

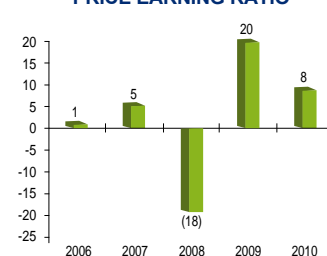
Mr. Haider Raza  
Phone: 111-234-234  
E-mail: haider.raza@igi.com.pk

Mr. Hussain Ahmed  
Tel# (9221) -32427012  
(9221) -32426597

\* BOOK VALUE PER SHARE (RUPEES)



\* PRICE EARNING RATIO



## Shareholders' Information

### Services Standards

IGI has always endeavored to provide investors with prompt services. Listed below are various investor services and the maximum time limits set for their execution:

	For request received through post	Over the counter
Transfer of shares	45 days after receipt	45 days after receipt
Transmission of shares	45 days after receipt	45 days after receipt
Issue of duplicate share certificates	45 days after receipt	45 days after receipt
Issue of duplicate dividend warrants	5 days after receipt	5 days after receipt
Issue of revalidated dividend warrants	5 days after receipt	5 days after receipt
Change of address	2 days after receipt	15 minutes

Well reputed and experienced firm of the share registrar services has been entrusted with the responsibility of ensuring that services are rendered within the specified time limits.

### Statutory Compliance

During the year the Company has complied with all applicable provisions, filed all returns/ forms and furnished all the relevant information as required under the Companies Ordinance, 1984 and allied laws and rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the Listing Regulations.

### Dematerialization of Shares

The equity shares of the Company are under the compulsory demat category. As at December 31, 2010, 34.26% of the equity shares of the Company have been dematerialized by the shareholders.

Shareholders holding shares in physical form are requested to dematerialize their holding at the earliest by approaching the depository participant registered with the CDC.

### Dividend Announcement

The Board of Directors of the Company has proposed a final cash dividend of 20% (Rs. 2 per share). This is in addition to the interim dividend of 10% (Rs. 1.00 per share) already paid during the year making total 30% cash dividend, Rs. 3 per share (2009: 35% Cash dividend i.e., Rs. 3.5 per share) and the bonus share in ratio of 3.5 shares for every 10 shares held i.e 35%. This is in addition to the bonus shares at the rate of 2 shares for every 10 shares held i.e. 20% already issued during the year making total 5.5 bonus shares for every 10 shares held i.e 55% (2009: nil) for the financial year ended December 31, 2010, subject to approval by the shareholders of the Company at the Annual General Meeting.

### Book Closure Dates

The register of Members and share transfer books of the Company will remain closed from April 15, 2011 to April 26, 2011 both days inclusive.

### Dividend Remittance

Dividend declared and approved at the Annual General Meeting will be paid on or after April 26, 2011, but within the statutory time limit of 30 days:

## Shareholders' Information

(i) For shares held in physical form: to shareholders whose names appear in the Register of Members of the Company after entertaining all request for transfer of shares lodged with the Company on or before the book closure date.

(ii) For shares held in electronic form: to shareholders whose names appear in the statement of beneficial ownership furnished by CDC as at end of the business on book closure date.

### Withholding of Tax & Zakat on Dividend:

Under Section 150 of the Income Tax Ordinance, 2001 tax on dividend payable to a shareholder is to be withheld and will be paid to the Government @ 10% unless the shareholder's income is tax-exempt. This certificate is issued pursuant to section 164 of the Income Tax Ordinance, 2001.

Zakat has already been deducted on the payment of Interim Dividend (D-26) for the financial year 2010 being the first payment of Dividend after the current valuation i.e. August 12, 2010. No Zakat is to be deducted on the Dividend now being paid.

### Dividend Warrant

Cash Dividends are paid through dividend warrants addressed to the shareholder whose name is appearing on the register of shareholders at the date of book closure. Shareholders are requested to deposit the dividend warrants into their bank account, at their earliest. It will help the Company in clearing their unclaimed dividend account.

### Investors' Grievances

As on date none of the investor or shareholder has filed any letter of complaints against any service provided by the Company to its shareholders.

### Legal Proceedings

No case has ever been filed by shareholders against the Company for non-receipt of share/ refund.

### General Meetings & Voting Rights

Pursuant to section 158 of The Companies

Ordinance 1984, IGI holds a General Meeting of Shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also advertised in at least one English and one Urdu newspaper having circulation in Sindh and Punjab.

Shareholders having a holding of at least 10% of voting right may also apply to the Board of Directors to call for a meeting of shareholders, and if Board does not take action on such application within 21 days, the shareholders may themselves call the meeting.

All shares issued by the Company carry equal voting rights. Generally, matters at the General Meetings are decided by a show of hands in the first instance. Voting by show of hands operates on the principle of "One Member-One Vote". If majority of shareholders raise their hands in favor of a particular resolution, it is taken as passed, unless a poll is demanded. Since, the fundamental voting principle in a Company is "One Share-One Vote", voting takes place by a poll, if demanded. On a poll being taken, the decision arrived by poll is final, overruling any decision taken on a show of hands.

### Proxies

Pursuant to Section 161 of The Companies Ordinance, 1984 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at a General Meeting of the Company, can appoint another person as his / her proxy to attend and vote instead of himself / herself. Every notice calling a General Meeting of the Company contains a statement that shareholder entitled to attend and vote is entitled to appoint a proxy who needs not to be a member of the Company.

The instrument appointing proxy, duly signed by the shareholder appointing that proxy should be deposited at the office of the Company not less than forty-eight hours before the meeting.



## Shareholders' Information

### Web Presence

Updated information regarding the Company can be accessed at IGI web site,

[www.igiinsurance.com.pk](http://www.igiinsurance.com.pk).

The web site contains the latest financial results of the Company together with Company's profile, the corporate philosophy and major products.

### Shareholding Pattern

The shareholding pattern of the equity share capital of the Company as on December 31, 2010 was as follows:

Shareholders' Category	No. of Share Holders	Share Holding	Percentage
Directors, Chief Executive and Family Executives	19	23,996,416	33.40
Associated Companies, Undertakings and Related Parties	4	11,340	0.02
Public Sector Companies and Corporation	2	19,836,664	27.61
Banks, DFIs and NBFIs	1	711,156	0.99
Insurance Companies	5	283,552	0.39
Modaraba & Mutual Funds	4	726,979	1.01
Other Companies	5	1,698,892	2.36
Non Resident	54	3,848,070	5.36
General Public	6	6,804,243	9.47
	1,392	13,925,482	19.39
	<u>1,492</u>	<u>71,842,794</u>	<u>100.00</u>

### Shareholders having more than 10% Holdings (Name-Wise Detail)

Syed Baber Ali	15,740,368	21.91
Industrial Technical and Educational Institute	12,211,370	17.00
Packages Limited	7,625,294	10.61

## Information as required under Code of Corporate Governance CATEGORIES OF SHAREHOLDERS AS AT DECEMBER 31, 2010

Category	Number of shareholders	Number of shares held	Holding %
<b>Associated Companies, Undertakings and Related Parties</b>			
Industrial Technical and Educational Institute	1	12,211,370	17.00
Packages Limited	1	7,625,294	10.61
<b>Directors, spouses and minor children</b>			
Syed Babar Ali	2	15,740,368	21.91
Syed Kamal Ali	2	510,006	0.71
Syed Yawar Ali	2	731,957	1.02
Syed Shahid Ali	4	3,243,604	4.51
Syed Hyder Ali	3	2,742,615	3.82
Shamim Ahmad Khan	1	3,694	0.01
Waqar Ahmed Malik	1	44	0.00
Jalees Ahmed Siddiqi	1	600	0.00
Mrs. Perwin Babar Ali	1	850,679	1.18
Mrs. Syeda Amina Hyder Ali	2	172,849	0.24
<b>Executives</b>			
Shahbaz Haider Agha	1	10,200	0.02
Muhammad Arif	1	900	0.00
Farheen Shehzad	1	120	0.00
Faisal Khan	1	120	0.00
<b>Joint Stock Companies</b>			
Public Sector Companies and Corporations	1	711,156	0.99
Banks, Development Finance Institutions, Non-Banking Finance Institutions	5	283,552	0.39
Insurance Companies	4	726,979	1.01
Modaraba and Mutual Funds	5	1,698,892	2.36
Others	54	3,848,070	5.36
<b>Non Residents</b>	6	6,804,243	9.47
<b>General Public</b>	1,392	13,925,482	19.39
	<b>1,492</b>	<b>71,842,794</b>	<b>100</b>

### CATEGORIES OF SHAREHOLDERS



- 28% Associated companies, Undertakings and Related Parties
- 34% Directors, Chief Executive and their family
- 05% Public Sector and Financial Institutions
- 05% Other Companies
- 09% Non Residents
- 19% General Public

## Distribution of Shareholding in Central Depository Company Of Pakistan Limited As At December 31, 2010

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Number of Shareholders	Shareholding		Total Shares Held
	From	To	
161	1	100	6,310
251	101	500	62,829
132	501	1,000	99,175
256	1,001	5,000	590,938
61	5,001	10,000	399,143
31	10,001	15,000	382,346
19	15,001	20,000	335,558
7	20,001	25,000	160,253
3	25,001	30,000	79,321
2	30,001	35,000	63,252
3	35,001	40,000	113,120
4	40,001	45,000	171,120
3	45,001	50,000	142,460
2	50,001	55,000	101,906
2	55,001	60,000	112,962
3	60,001	65,000	187,964
1	65,001	70,000	66,495
1	70,001	75,000	74,900
1	80,001	85,000	82,694
1	95,001	100,000	100,000
1	100,001	105,000	104,941
2	105,001	110,000	217,524
1	110,001	115,000	112,500
1	115,001	120,000	119,895
2	130,001	135,000	266,188
1	145,001	150,000	145,099
1	155,001	160,000	160,000
2	160,001	165,000	324,984
2	175,001	180,000	355,688
1	190,001	195,000	192,314
1	195,001	200,000	196,579
1	215,001	220,000	215,695
1	240,001	245,000	241,500
1	265,001	270,000	269,510
1	285,001	290,000	286,154
1	315,001	320,000	319,936
1	335,001	340,000	339,732
1	340,001	345,000	342,732
1	345,001	350,000	348,054
2	360,001	365,000	722,784
2	390,001	395,000	781,888
1	400,001	405,000	400,306
1	420,001	425,000	423,854
1	430,001	435,000	432,822
1	440,001	445,000	440,385
1	510,001	515,000	513,750
1	515,001	520,000	518,012
1	680,001	685,000	683,892
1	685,001	690,000	685,650
1	700,001	705,000	700,063
1	710,001	715,000	711,156
1	715,001	720,000	718,374
1	1,190,001	1,195,000	1,190,520
1	1,910,001	1,915,000	1,912,954
1	5,880,001	5,885,000	5,884,602
985			24,612,783

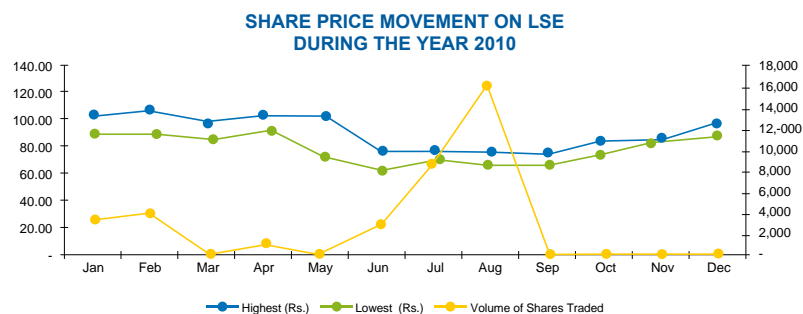
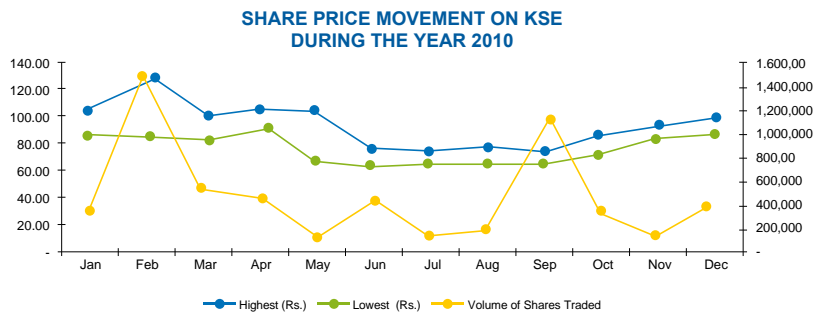
## Pattern of Shareholding As At December 31, 2010

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
282	1	100	10,453
372	101	500	95,778
184	501	1,000	136,418
352	1,001	5,000	842,702
115	5,001	10,000	728,541
36	10,001	15,000	444,110
26	15,001	20,000	453,256
14	20,001	25,000	317,232
12	25,001	30,000	321,531
6	30,001	35,000	195,961
3	35,001	40,000	113,120
7	40,001	45,000	298,213
5	45,001	50,000	239,093
2	50,001	55,000	101,906
2	55,001	60,000	112,962
3	60,001	65,000	187,964
2	65,001	70,000	132,123
2	70,001	75,000	146,939
2	80,001	85,000	163,284
2	85,001	90,000	175,504
3	95,001	100,000	299,224
1	100,001	105,000	104,941
3	105,001	110,000	327,224
2	110,001	115,000	224,497
1	115,001	120,000	119,895
3	130,001	135,000	398,665
2	145,001	150,000	293,999
1	150,001	155,000	151,896
1	155,001	160,000	160,000
2	160,001	165,000	324,984
1	165,001	170,000	167,174
2	175,001	180,000	355,688
1	190,001	195,000	192,314
2	195,001	200,000	392,479
1	215,001	220,000	215,695
1	240,001	245,000	241,500
1	265,001	270,000	269,510
1	285,001	290,000	286,154
1	315,001	320,000	319,936
2	320,001	325,000	645,000
1	335,001	340,000	339,732
2	340,001	345,000	685,557
1	345,001	350,000	348,054
2	360,001	365,000	722,784
2	390,001	395,000	781,888
1	400,001	405,000	400,306
1	420,001	425,000	423,854
1	430,001	435,000	432,822
1	440,001	445,000	440,385
1	510,001	515,000	513,750
1	515,001	520,000	518,012
1	615,001	620,000	619,960
1	620,001	625,000	622,578
1	680,001	685,000	683,892
1	685,001	690,000	685,650
1	700,001	705,000	700,063
1	710,001	715,000	711,156
1	715,001	720,000	718,374
1	850,001	855,000	850,679
1	1,135,001	1,140,000	1,139,725
1	1,190,001	1,195,000	1,190,520
1	1,610,001	1,615,000	1,611,576
1	1,910,001	1,915,000	1,912,954
1	2,615,001	2,620,000	2,619,698
1	5,880,001	5,885,000	5,884,602
1	7,625,001	7,630,000	7,625,294
1	12,210,001	12,215,000	12,211,370
1	15,735,001	15,740,000	15,739,694
<u>1,492</u>			<u>71,842,794</u>

## Share Price / Volume

The monthly high and low prices and the volume of shares traded on the KSE and LSE during the financial year 2010 are as under:

Month	Share Price on the KSE (Rs.)			Share Price on the LSE (Rs.)		Volume of Shares Traded
	Highest	Lowest	Volume of Shares Traded	Highest	Lowest	
Jan	104.00	88.00	371,140	102.00	89.16	3,250
Feb	123.55	87.20	1,468,746	118.00	88.46	3,600
Mar	100.00	82.07	553,332	98.23	86.05	-
Apr	108.82	91.10	487,668	110.50	92.55	849
May	106.75	69.37	105,613	106.90	71.00	-
Jun	78.45	63.10	323,196	75.33	63.10	3,000
Jul	76.97	66.20	157,427	76.00	70.00	8,300
Aug	79.10	66.02	174,807	75.98	68.18	15,941
Sep	74.99	66.41	1,196,796	73.33	68.10	-
Oct	86.69	70.30	351,991	84.53	72.00	-
Nov	91.00	81.10	160,849	88.98	82.62	-
Dec	99.88	86.10	394,687	97.14	88.02	-



## Corporate Calendar

### Results

First quarter ended March 31, 2010	Announced on	April 21, 2010
Half year ended June 30, 2010	Announced on	August 20, 2010
Third quarter ended September 30, 2010	Announced on	October 27, 2010
Year ended December 31, 2010	Announced on	February 11, 2011

### Dividends

Final - Cash (2009)	Announced on	February 16, 2010
	Entitlement date	March 26, 2010
		Statutory limit upto
which payable	May 6, 2010	
	Paid on	April 07, 2010
Interim-Bonus (2010)	Announced on	April 21, 2010
	Entitlement date	May 14, 2010
	Statutory limit up to which payable	June 22, 2010
	Credit/Dispatched on	May 24, 2010
Interim - Cash (2010)	Announced on	August 20, 2010
	Entitlement date	September 10, 2010
	Statutory limit upto which payable	October 19, 2010
	Paid on	September 21, 2010
Final - Cash (2010)	Announced on	February 11, 2011
	Entitlement date	April 14, 2011
	Statutory limit upto which payable	May 25, 2011
	Expected to be paid on	April 26, 2011
Final - Bonus (2010)	Announced on	February 11, 2011
	Entitlement date	April 14, 2011
	Statutory limit upto which payable	May 25, 2011
	Credit/Dispatched on	April 26, 2011

## Directors Report to the Shareholders

The Board of Directors is pleased to present the annual report and the audited financial statements for the year ended December 31, 2010

### Economy Overview

During the year, the economy remained under stress. The widening fiscal deficit and increasing borrowings by the Government caused intense inflationary pressures. The catastrophic floods which caused widespread devastation to human life as well as agricultural crops, retarded GDP growth. A positive development has been improvement in the current account position due to increase in remittances and exports. With stable exchange rate maintained during the year and growth in remittances of 17.7%, the economy is showing some signs of stability. The insurance industry experienced a 3% growth in gross written premium (GWP). Softening of premium rates and huge Atmospheric Disturbance losses impacted the underwriting profitability of the industry as a whole.

### Company Performance Review

Despite conditions which were not conducive, the company managed a significant growth rate. Gross Written Premium (GWP) increased by 13%, reaching Rs. 1.297 bn with a market share of 3.9%. The business mix of fire, marine, motor & miscellaneous was 30%, 17%, 35% and 18% respectively. Main contributors to the growth were Motor and Miscellaneous segments.

The company's net premium revenue at 56% of GWP showed an increase of 17% over the previous year. Net claims saw an increase of 42% at Rs.364 mn, resulting in an underwriting profit of 16% of GWP (2009:22%).

The general & administrative expenses increased by 22%, to Rs.109mn. This was offset by a 49% decrease in financial charges to Rs. 66mn resulting in improved combined operating ratio from 86% in 2009 to 77%.

Income from investments increased by 324% to Rs. 929mn against loss of Rs. 415mn in 2009. Consequently, the company posted a profit before tax of Rs. 921mn against Rs. 365mn in 2009. Earnings per share of the company touched Rs. 11.64 versus Rs. 3.67 in 2009.

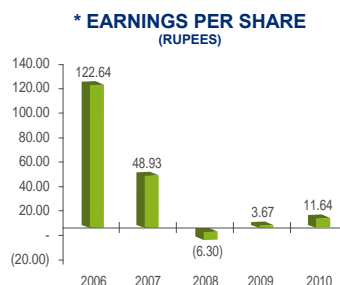
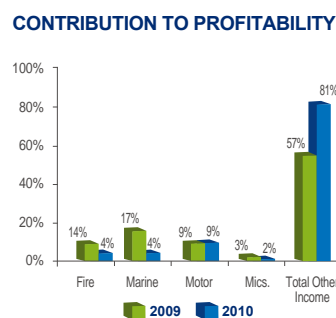
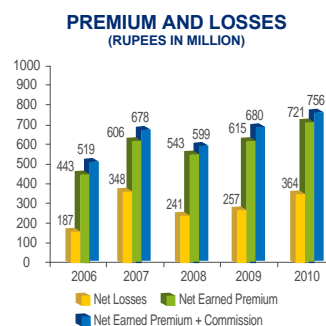
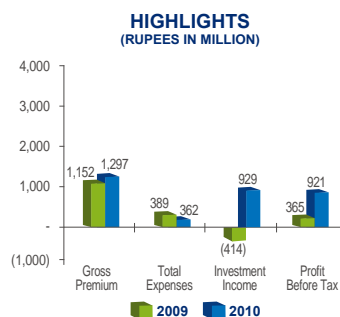
### Segment at a Glance

#### Fire

Gross premium grew by 3% over 2009 reaching Rs. 392mn. Net losses show a significant increase of Rs. 30mn in 2010 due to a particularly low loss experience of Rs. 1mn in 2009. Consequently underwriting profit decreased from Rs. 84mn in 2009 to Rs. 42mn.

#### Marine, Aviation and Transport

Due to a general slowdown in the activity causing decline in marine business in the country, our business reduced by 3% to Rs.218mn. On account of increased losses, underwriting profit of Rs.49mn was achieved versus 99mn in 2009.



\* Previous years are adjusted for bonus issues, if any.

# Directors Report to the Shareholders

## Motor

Motor business grew by 17% to Rs. 455mn. Net losses, though higher at Rs. 221 mn, were within the expected level. Motor underwriting profitability increased from Rs. 54mn to Rs. 91mn.

## Miscellaneous

In miscellaneous lines, which include engineering, contract, travel, health & cash businesses, GWP grew by 46% to Rs. 231mn. A focus on Health Insurance contributed significantly to the growth in this area.

Due to your company's prudent underwriting, the effect of the generally high losses associated with Health Insurance was mitigated and underwriting profitability increased from Rs. 16mn in 2009 to Rs. 24mn.

## Claims

At IGI we realize the importance of serving our clients in every possible manner. Expedient settlement of insurance claims is our foremost priority and to achieve this objective, systems and procedures have been put into place. Utilizing technology, a process flow system, (Sysflow) was implemented. This gives the advantage of tracking each and every claim intimated and logged in the system. With defined time lines for each process, it has significantly reduced the claim settlement time.

Another step introduced during the last quarter was centralized handling of all reported claims from Karachi which was possible due to 'Sysflow', implemented earlier.

We are pleased to inform that over 90% of all direct claims reported during 2010 have been settled. This is the highest-ever level of claims settlement.

## Re-insurance

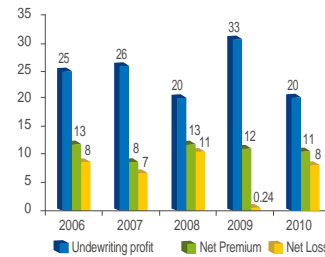
Your Company follows a policy of optimizing retention of risk through a carefully designed high quality program of re-insurance. A sophisticated tailor-made online IT application, General Information System, is deployed across all branches and the Company's exposure to accumulation and concentration of risk at any location is assessed for integrated data. Your Company has increased capacities, obtaining world class re insurance as well as acquired capacity for specialized lines, including terrorism.

Reinsurance arrangements in place include quota share, surplus, excess of loss and catastrophe coverage, aimed at protecting your Company from net insurance losses beyond the risk appetite.

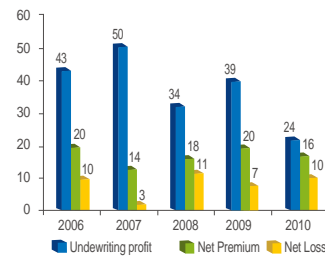
## Risk Management

Your Company's Risk Management approach is proficient in qualitative evaluation of risk, providing safety consultancy for loss reduction and suggesting measures for risk mitigation to the client. It strives

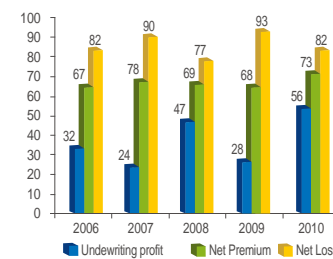
**FIRE CONTRIBUTION**  
(Percentage)



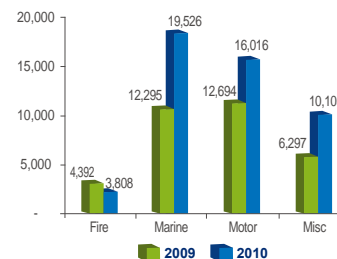
**MARINE CONTRIBUTION**  
(Percentage)



**MOTORS AND MISC. CONTRIBUTION**  
(Percentage)



**NUMBER OF POLICIES SOLD**





## Directors Report to the Shareholders

to develop expertise in areas like risk pricing, business continuity planning and consequence analysis, offering value added services to the customers which not only develops the confidence level of the customers for remaining profitable by virtue of its core operations, but also improves the quality of risk the Company is exposed to.

### Investments

Our investment objective is to achieve optimum return on the investment portfolio, following carefully designed investment policy. Appropriate risk management measures are also being taken.

The book value of your Company's investments is Rs. 11.906bn as at December 31, 2010 against Rs. 11.236bn as at December 31, 2009. The fair value of investments is Rs. 14.368bn, higher by 53% from its respective value as at December 31, 2009.

The Company will continue to place special emphasis on generating a significant portion of its investment income from sustainable sources.

### Capital Management and Liquidity

The Company also actively manages and monitors the matching of its asset positions against its commitments, together with the diversification and credit quality of its investments against established targets.

The Company's liquidity remained strong with operating cash inflows of Rs. 279mn against Rs. 127mn in 2009. The total cash and cash equivalents at the end of 2010 are Rs. -396mn against Rs. -481mn in 2009.

### Information Technology and Business Process Re-engineering

We are pleased to inform our shareholders that our focus on technology usage and digitization for better efficiency and customer service continued in 2010. Content and workflow management system has been further implemented in Accounts, Administration and IT departments, with all payments and procurements automated and digitized with no physical movement of papers. For better customer services, web portals for Surveyors and one for our valuable clients have been developed in-house. Besides these measures, an initiative for the introduction of a web based core application has also been taken and will be finalized in early 2011.

Business continuity plan has been enforced to ensure that any disruptive event does not cause a significant loss of data. An alternate data center is in place to meet any contingency.

### Human Resource

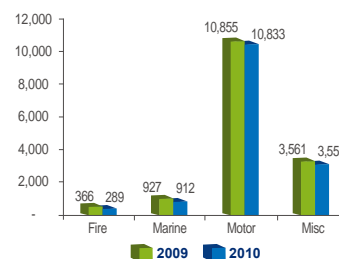
At IGI Human Resources in its business partner role, enacts strategies to raise the performance of each team member to its maximum potential; our organization is built around people.

An open culture and interactive communication with employees offers opportunities for sharing ideas and experiences. This has greatly helped in creating a congenial environment and a highly motivated and result-focused team, also endorsed through the employee engagement survey conducted during the year.

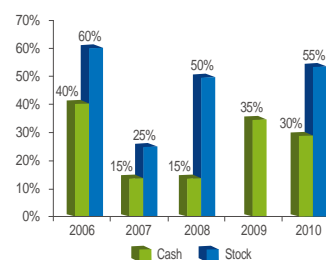
A continuous review of the organisational structure, ensured business stability. Synergies were created among support functions to enhance efficiency and optimize costs.

Management trainees were inducted in all core functions to enhance HR skill base and create a pool of talent for future roles.

NUMBER OF CLAIMS SETTLED



CASH AND STOCK DIVIDEND



## Directors Report to the Shareholders

---

Employees are rewarded based on performance, resulting in enhanced retention and motivation at all levels. Talent mapping and development plans are underway to ensure that employees are engaged at all levels.

Our philosophy of always looking forward and benchmarking aims at making IGI a high performance organization.

### Total Quality Management

IGI Insurance is committed to quality and successfully shifted to the ISO 9001:2000 standard certified by SGS Malaysia in 2003. In 2010 it became the First general insurance company in Pakistan to receive the new ISO 9001:2008 certification for its entire operation.

The Company has established and perpetuated well defined processes to help understand our customers' requirements and address them to their satisfaction.

Our commitment to excellence ensures prompt and proper documentation while also ensuring transparent and swift settlement of claims.

### Insurer's Financial Strength Rating

Pakistan Credit Rating Agency (Private) Limited (PACRA) has, for the Eleventh consecutive year, assigned your Company, an "Insurer Financial Strength" (IFS) Rating of "AA" (Double A), on the basis of financial statements for the year 2009.

The Insurer Financial Strength (IFS) Rating of "AA" (Double A) denotes: "a very strong capacity to meet policyholder and contract obligations. Risk factors are modest, and the impact of any adverse business and economic factors is expected to be very small."

### Appropriations

The proposed appropriations are as under:

	2010	2009
	Rupees in thousand	
Final Dividend for the year - 20% (2009: 25%)	143,685	149,672
Interim Dividend for the year - 10% (2009: 10%)	71,843	59,869
Transfer to reserve for issue of Final Bonus share 35% (2009: nil)	251,449	-
Transfer to reserve for issue of Interim Bonus Shares 20% (2009: nil)	119,738	-

### Corporate Social Responsibility

IGI Insurance is conscious of its obligations to the underprivileged sections of the society. A contribution of Rs. 2.4mn was made towards various social sector organizations in the health, education and environment sectors during the year.

### Future Outlook

We are fully aware of the challenges in the future years. While competition is increasing in all business segments, the strength of the Group and the strategies pursued makes us feel confident about our ability to implement our plans for the year 2011. By continuing to apply prudent policies and discipline in business operations and a focus on cost, we are positive that the targets set for the year will be achieved.

## Directors Report to the Shareholders

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Improved customer service with speedy claims settlement is a significant source of achieving success in a competitive market. A disciplined approach with customer focus will remain our hallmark for 2011. Two areas which offer significant growth potential are health and personalized insurance. Your Company will keep making efforts to develop these segments and to explore other areas of insurance as well.

Despite significant presence of insurance companies, insurance penetration in Pakistan is low compared to the global levels and those of regional countries. Although growth of insurance business is directly related to economic activities in the country, we believe that sound regulatory policies can help deepen insurance sector.

As a responsible corporate entity, we will continue to conduct our business in a transparent manner, subscribing to high ethical standards and strictly complying with all regulatory obligations.

Our aim is to ensure that our performance exceeds the expectations of our shareholders, not only during the current year, but beyond.

### Acknowledgement

We would like to thank our customers, business partners and members of IGI team whose loyalty & dedication makes IGI a great Company. We also thank our shareholders for their continued support and confidence in IGI.

For and on behalf of the Board



Syed Babar Ali  
Chairman

Karachi: February 11, 2011

## Report on Corporate Governance

The Directors confirm compliance with the Corporate and Financial Reporting Framework of the SECP Code of Corporate Governance for the following:

1. The financial statements together with the notes forming an integral part of these statements have been prepared by the management of your Company in conformity with the Companies Ordinance, 1984 and the Insurance Ordinance, 2000 and present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment.
4. The International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
5. The system of internal control is sound in design and has been continuously monitored by the internal audits. This is a continuing process and any weaknesses will be removed and its effective implementation shall be ensured.
6. There is no doubt upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. Key operating and financial data for the last ten years is shown at page number 27
9. Outstanding taxes and duties are given in the financial statements.
10. The value of investments based on audited accounts of the respective funds were as follows:  
Provident Fund as at June 30, 2010  
Rs. 25.16 million  
Gratuity Fund as at December 31, 2009  
Rs. 8.32 million
11. The related party transactions are approved or ratified by the audit committee and the Board of Directors;
12. The trade carried out by the Directors, CEO, CFO, Company Secretary, Executives and their spouses and minor children, if any, in the shares of the Company is given below:

### Directors & spouses

Syed Babar Ali purchased and donated 366,988 shares. Mrs. Perwin Babar Ali purchased 110,126 shares. Syed Kamal Ali, Director sold 42,501 shares. Syed Shahid Ali, Director inherited 6,398 shares and sold 105,000 shares. Syed Hyder Ali, Director purchased 103,579 shares.

### Chief Financial Officer:

Sold 2,300 shares;

### Executives:

Muhammad Arif purchased 300 shares. Shahbaz Haider Agha purchased 3000 shares.

13. All the major decisions relating to investments / disinvestments of funds, change in the policy of underwriting, if any, appointment, remuneration and terms & conditions of CEO are taken to the Board.

### Insurance Ordinance, 2000

As required under the Insurance Ordinance and Rules framed there under, the Directors confirm that:

- in their opinion and to the best of their belief the annual statutory accounts of the Company set out in the forms attached with this statement have been drawn up in accordance with the Insurance Ordinance and any rules made there under;

the Company has at all times in the year complied with the provisions of the Ordinance and the rules made there under relating to the paid-up capital, solvency and re-insurance arrangements;

## for the Year Ended December 31, 2010

- and as at the date of the statement, the Company continues to be in compliance with the provisions of the Ordinance and rules framed there under as mentioned above.

### Board Meetings and Attendance

During the year, four (4) meetings of the Board of Directors were held and attendance by each Director is given below:

Name of Director	Number of meetings attended
Syed Babar Ali	1
Shamim Ahmad Khan	4
Syed Kamal Ali	2
Syed Yawar Ali	4
Syed Shahid Ali	1
Syed Hyder Ali	4
Waqar Ahmed Malik	3
Jalees Ahmed Siddiqi	4

The Board granted leave of absence to those Directors who could not attend the Board meetings.

### Audit Committee

As required under the Code of Corporate Governance, the Audit Committee continued to perform as per its terms of reference duly approved by the Board. The Committee composition and its terms of reference are also attached with this report.

### Auditors

The present auditors M/S KPMG Taseer Hadi & Company, Chartered Accountants retire and being eligible, have offered themselves for reappointment. The external auditors hold satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) as required under their Quality Control Review Program. As suggested by the Audit Committee, the Board of Directors has recommended the appointment of M/S KPMG Taseer Hadi & Company, Chartered Accountants as auditors of the Company for the year 2011, at a fee to be mutually agreed.

### Material Changes

There have been no material changes and commitments affecting the financial position of your Company since December 31, 2010.

### Pattern of Shareholding

A statement showing the pattern of shareholding is attached with this report.

For and on behalf of the Board



Syed Babar Ali  
Chairman

Karachi, February 11, 2011

## Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance as contained in the listing regulations of respective stock exchanges and SRO 68(1)/2003 issued by the Securities and Exchange Commission of Pakistan for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes six non-executive Directors, including the Chairman, out of eight Directors.
2. The Directors of the Company have confirmed that none of them is serving as a Director in more than ten listed companies, including this Company.
3. All the Directors have given declaration that they are aware of their duties and powers under the relevant laws and the Company's Memorandum and Articles of Association and the listing regulations of the stock exchanges of Pakistan.
4. All the Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-Banking Financial Institution. None of the Director or their spouse is a member of a stock exchange.
5. The Company has prepared a Code of Conduct, which has been signed by all Directors and employees of the Company.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including the appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive Directors, have been taken by the Board.
8. All the meetings of the Board were presided over by the Chairman. The Board met at least once in every quarter during the year. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board has established a system of sound internal control which is effectively implemented at all levels within the Company.
10. The Board arranged orientation course for its Directors on their duties & responsibilities and to keep them informed on new laws, rules and regulations and amendments thereof.
11. All material information as required under the relevant rules, has been provided to the stock exchanges and to the Securities and Exchange Commission of Pakistan within the prescribed time limit.
12. The Directors' report for this year has been prepared in compliance with the requirements

## For the Year Ended December 31, 2010

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of the Code and fully describes the salient matters required to be disclosed.

13. The financial statements of the Company were duly endorsed by CEO and Acting CFO before approval of the Board.
14. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the Code.
16. The Board has formed Underwriting, Claims Settlement and Re-insurance & Co-insurance Committees.
17. The Board has formed an Audit Committee. It comprises of three members all of whom are non-executive Directors including the Chairman of the committee.
18. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
19. The Board approved the outsourcing of internal audit function w.e.f October 27, 2010. M/s A.F. Ferguson & Company, Chartered Accountants have been duly appointed as internal auditor of the Company. Their remuneration and terms and conditions of appointment were also approved by the audit committee.
20. The statutory auditors of the Company have

confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. The related party transactions have been placed before the audit committee and approved by the Board of Directors with necessary justification for non arm's length transactions and pricing methods for transactions that were made on terms equivalent to those that prevail in the arm's length transactions only if such terms can be substantiated.
23. We confirm that all other material principles contained in the Code have been complied with.



Syed Babar Ali  
Chairman

Karachi: February 11, 2011



**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2  
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## Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

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We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of IGI Insurance Limited (“the Company”) to comply with the Listing Regulations of Karachi and Lahore Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub- Regulation (xiii) of Listing Regulation No. 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to Company for the year ended 31 December 2010.

KPMG Taseer Hadi & Co.  
Chartered Accountants

Karachi: February 11, 2011





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## Auditors' Report to the Members of IGI Insurance Limited

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We have audited the annexed financial statements comprising of:

- (i) balance sheet;
- (ii) profit and loss account;
- (iii) statement of changes in equity;
- (iv) statement of cash flows;
- (v) statement of premiums;
- (vi) statement of claims;
- (vii) statement of expenses; and
- (viii) statement of investment income

of IGI Insurance Limited ("the Company") as at 31 December 2010 together with the notes forming part thereof, for the year then ended.

It is the responsibility of the Company's Board of Directors to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 (XXXIX of 2000) and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as, evaluating the overall financial statements presentation.

We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;
- c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at 31 December 2010 and of the Profit, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

KPMG Taseer Hadi & Co.  
Chartered Accountants

Mohammad Mahmood Hussain

Karachi: February 11, 2011

## Balance Sheet

	Note	2010 (Rupees in thousand)	2009
Share capital and reserves			
Authorized share capital 100,000,000 (2009: 100,000,000) ordinary shares of Rs 10 each		<u>1,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid up share capital	5	718,427	598,689
Unappropriated profits / (losses)		592,463	(172,250)
Reserves		<u>10,264,964</u>	<u>10,534,374</u>
		<u>11,575,854</u>	<u>10,960,813</u>
Underwriting provisions			
Provision for outstanding claims [including IBNR]		228,421	286,739
Provision for unearned premium		423,939	374,644
Commission income unearned		49,006	38,139
		<u>701,366</u>	<u>699,522</u>
Deferred liabilities			
Deferred taxation	6	68,145	50,932
Creditors and accruals			
Premium received in advance		344	997
Amounts due to other insurers / reinsurers		76,221	31,211
Accrued expenses		44,713	37,905
Sundry creditors	7	<u>94,013</u>	<u>54,410</u>
		<u>215,291</u>	<u>124,523</u>
Borrowings			
Long term finance - secured	8	-	40,000
Short term finance - secured	9	<u>396,327</u>	<u>487,681</u>
		<u>396,327</u>	<u>527,681</u>
Other liabilities			
Unclaimed dividend		3,468	2,595
<b>TOTAL LIABILITIES</b>		<u>1,384,597</u>	<u>1,405,253</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>12,960,451</u>	<u>12,366,066</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	10		

The annexed notes from 1 to 32 form an integral part of these financial statements.



Chairman



Director

## As at December 31, 2010

	Note	2010 (Rupees in thousand)	2009
<b>Cash and bank deposits</b>			
Cash and other equivalents	11	231	267
Current and other accounts	12	190	6,542
Deposits maturing within 12 months	13	-	-
		421	6,809
<b>Investments</b>			
Investments property	14	11,905,802	11,235,758
Deferred tax	15	96,928	-
	6	-	-
<b>Current assets - others</b>			
Premiums due but unpaid - unsecured	16	132,000	127,071
Amounts due from other insurers / reinsurers - unsecured	17	212,475	259,712
Accrued investment income		8,827	8,379
Reinsurance recoveries against outstanding claims		95,371	172,357
Prepayments			
- prepaid reinsurance premium ceded		147,998	133,274
- others		8,953	10,225
Taxation - payments less provision		76,560	79,696
Sundry receivables	18	101,222	50,240
		783,406	840,954
<b>Fixed assets</b>			
<b>Tangible</b>			
Furniture, fixtures and office equipments		25,181	30,639
Buildings		96,928	205,847
Motor vehicles		45,132	44,059
		167,241	280,545
<b>Intangibles</b>			
Computer softwares		2,877	-
Software under development		3,776	2,000
		6,653	2,000
<b>TOTAL ASSETS</b>		<b>12,960,451</b>	<b>12,366,066</b>



Director



Principal Officer and Chief Executive

## Profit and Loss Account For the Year Ended December 31, 2010

(Rupees in thousand)							
	Note	Fire and Property Damage	Marine Aviation and Transport	Motor	Miscellaneous	2010 Aggregate	2009 Aggregate
Revenue account							
Net premium revenue		79,388	112,382	402,167	126,796	720,733	614,586
Net claims		(29,968)	(34,786)	(221,436)	(78,221)	(364,411)	(257,052)
Expenses	20	(62,163)	(42,025)	(53,995)	(27,989)	(186,172)	(169,628)
Net commission		54,467	13,284	(35,790)	2,984	34,945	65,197
Underwriting result		<u>41,724</u>	<u>48,855</u>	<u>90,946</u>	<u>23,570</u>	<u>205,095</u>	<u>253,103</u>
Investment income / (loss)						929,344	(414,649)
Rental income						18,581	17,566
Other income	21					9,647	6,485
Financial charges	22					(66,563)	(129,709)
General and administrative expenses	23					(109,054)	(89,307)
						<u>781,955</u>	<u>(609,614)</u>
						<u>987,050</u>	<u>(356,511)</u>
Share of (loss) / profit of associates						(66,279)	721,277
Profit before tax						920,771	364,766
Taxation	24					(84,215)	(100,800)
Profit after tax						836,556	263,966
Other comprehensive income						-	-
Total comprehensive income						<u>836,556</u>	<u>263,966</u>
Profit and loss appropriation account							
Balance at commencement of the year						(172,250)	(376,347)
Profit after tax for the year						836,556	263,966
Transfer from general reserve						149,672	89,803
Final dividend 2009: Rs. 2.5 per share (2008: Rs. 1.5 per share)						(149,672)	(89,803)
Interim dividend 2010: Rs. 1 per share (2009: Rs.1 per share)						(71,843)	(59,869)
Unappropriated profits						<u>764,713</u>	<u>204,097</u>
						<u>592,463</u>	<u>(172,250)</u>
Earnings per share - basic and diluted	28					<u>11.64</u>	<u>3.67</u>

The annexed notes from 1 to 32 form an integral part of these financial statements.



Chairman



Director



Director



Principal Officer and Chief Executive

## Statement of Changes in Equity For the Year Ended December 31, 2010

(Rupees in thousand)

	Share Capital Issued, subscribed and paid-up	Reserves			Revenue reserves General reserve	(Accumulated losses) / Unappropriated profit	Total
		Capital reserves					
		Premium on issue of shares	Reserve for bonus shares	Other capital reserves			
Balance as at 1 January 2009	598,689	35,762	-	33,267	10,555,148	(376,347)	10,846,519
Total comprehensive income for the year ended 31 December 2009							
Net profit for the year	-	-	-	-	-	263,966	263,966
Transactions with owners, recorded directly in equity							
Distribution to owners	-	-	-	-	-	-	-
Final dividend for the year ended 31 December 2008 - Rs. 1.5 per share	-	-	-	-	-	(89,803)	(89,803)
Interim dividend for the half year ended 30 June 2009 - Rs. 1 per share	-	-	-	-	-	(59,869)	(59,869)
	-	-	-	-	-	(149,672)	(149,672)
Transferred from general reserve	-	-	-	-	(89,803)	89,803	-
Balance as at 31 December 2009	598,689	35,762	-	33,267	10,465,345	(172,250)	10,960,813
Total comprehensive income for the year ended 31 December 2010							
Net profit for the year	-	-	-	-	-	836,556	836,556
Transactions with owners, recorded directly in equity							
Distribution to owners							
Final dividend for the year ended 31 December 2009 - Rs. 2.5 per share	-	-	-	-	-	(149,672)	(149,672)
Interim dividend for the year ended 31 December 2010 - Rs. 1 per share	-	-	-	-	-	(71,843)	(71,843)
Bonus shares issued for year ended 31 December 2010 - Rs. 2 per share	119,738	-	(119,738)	-	-	-	-
	119,738	-	(119,738)	-	-	(221,515)	(221,515)
Transferred from general reserve	-	-	-	-	(149,672)	149,672	-
Transfer to reserves for issuance of bonus shares for the year ended 31 December 2010	-	-	119,738	-	(119,738)	-	-
Balance as at 31 December 2010	718,427	35,762	-	33,267	10,195,935	592,463	11,575,854

The annexed notes from 1 to 32 form an integral part of these financial statements.



Chairman



Director



Director



Principal Officer and Chief Executive

## Cash Flow Statement

	2010	2009
	(Rupees in thousand)	
Operating cash flows		
Underwriting activities		
- Premiums received	1,291,183	1,179,362
- Reinsurance premiums paid	(449,214)	(601,649)
- Claims paid	(531,943)	(517,811)
- Reinsurance and other recoveries received	186,200	205,105
- Commissions paid	(89,804)	(87,057)
- Commissions received	152,890	145,632
Net cash flow from underwriting activities	559,312	323,582
Other operating activities		
- Income tax paid	(63,866)	(33,786)
- General and management expenses paid	(202,258)	(138,505)
- Other operating payments	(39,103)	(45,375)
- Other operating receipts	24,582	21,025
Net cash flow from other operating activities	(280,645)	(196,641)
Total cash inflow from all operating activities	278,667	126,941
Investment activities		
Profit / return received	17,802	26,601
Dividends received	313,262	304,808
Payments for investments	(441,174)	(621,782)
Proceeds from disposal of investments	300,788	1,067,431
Redemption of term finance certificates	3,371	1,871
Fixed capital expenditure	(132,386)	(20,772)
Proceeds from disposal of fixed assets	114,078	10,397
Total cash inflow from investing activities	175,741	768,554
Financing activities		
Loans repaid	(40,000)	(280,000)
Dividends paid	(220,642)	(149,041)
Advances made	(35,100)	-
Financial charges paid	(73,700)	(158,059)
Total cash outflow from financing activities	(369,442)	(587,100)
Net cash inflow from all activities	84,966	308,395
Cash at beginning of the year	(480,872)	(789,267)
Cash at end of the year	(395,906)	(480,872)



Chairman



Director

## For the Year Ended December 31, 2010

	2010	2009
	(Rupees in thousand)	
Reconciliation to profit and loss account		
Operating cash flows	278,667	126,941
Depreciation expense	(33,677)	(33,387)
Financial charges	(66,563)	(129,709)
Gain on disposal of fixed assets	3,646	3,026
(Decrease) in other assets	(93,096)	(91,944)
(Decrease) / increase in liabilities other than term finances	(116,962)	81,302
Provision for impairment in the value of available for sale investments	582,688	(703,432)
Gain on revaluation of trading investments	7,351	-
Others		
Gain / (loss) on disposal of investments	9,269	(44,516)
Dividend and other investment income	331,512	334,408
Share of (loss) / profit of associates	(66,279)	721,277
Profit after tax	<u>836,556</u>	<u>263,966</u>

### Definition of cash

Cash comprises of cash in hand, policy stamps, bank balances and short term placements with banks which are readily convertible to cash in hand and short term finance which are used in the cash management on a day-to-day basis.

### Cash for the purposes of the Statement of Cash Flows consists of:

#### Cash and other equivalents

- Cash in hand	-	-
- Policy stamps in hand	231	267
	<u>231</u>	<u>267</u>

#### Current and other accounts

- Current accounts	2	590
- Saving accounts	188	5,952
	<u>190</u>	<u>6,542</u>

#### Deposits maturing within 12 months

- Cash with State Bank of Pakistan	-	-
- Term deposit receipts	-	-
	<u>-</u>	<u>-</u>

#### Short term finance

	(396,327)	(487,681)
	<u>(395,906)</u>	<u>(480,872)</u>

The annexed notes from 1 to 32 form an integral part of these financial statements.



Director



Principal Officer and Chief Executive

## Statement of Premiums For the Year Ended December 31, 2010

Business underwritten inside Pakistan

(Rupees in thousand)

Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	
		Opening	Closing			Opening	Closing		2010	2009
Direct and facultative										
Fire and Property Damage	392,263	129,605	131,915	389,953	313,434	98,681	101,550	310,565	79,388	74,262
Marine, Aviation and Transport	218,374	15,025	24,969	208,430	105,533	2,719	12,204	96,048	112,382	121,438
Motor	454,647	166,252	192,232	428,667	29,317	873	3,690	26,500	402,167	325,782
Miscellaneous	231,481	63,762	74,823	220,420	93,177	31,001	30,554	93,624	126,796	93,104
<b>Total</b>	<b>1,296,765</b>	<b>374,644</b>	<b>423,939</b>	<b>1,247,470</b>	<b>541,461</b>	<b>133,274</b>	<b>147,998</b>	<b>526,737</b>	<b>720,733</b>	<b>614,586</b>

The annexed notes from 1 to 32 form an integral part of these financial statements.



Chairman



Director



Director



Principal Officer and Chief Executive



## Statement of Claims For the Year Ended December 31, 2010

Business underwritten inside Pakistan

(Rupees in thousand)

Class	Claims paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net Claims	
		Opening	Closing			Opening	Closing		2010	2009
Direct and facultative										
Fire and Property Damage	126,790	134,453	64,487	56,824	98,340	119,789	48,305	26,856	29,968	619
Marine, Aviation and Transport	68,955	32,204	27,882	64,633	34,917	15,489	10,419	29,847	34,786	18,171
Motor	232,874	70,982	79,401	241,293	24,031	7,931	3,757	19,857	221,436	183,905
Miscellaneous	103,324	49,100	56,651	110,875	28,912	29,148	32,890	32,654	78,221	54,357
<b>Total</b>	<b>531,943</b>	<b>286,739</b>	<b>228,421</b>	<b>473,625</b>	<b>186,200</b>	<b>172,357</b>	<b>95,371</b>	<b>109,214</b>	<b>364,411</b>	<b>257,052</b>

The annexed notes from 1 to 32 form an integral part of these financial statements.



Chairman



Director



Director



Principal Officer and Chief Executive

## Statement of Expenses For the Year Ended December 31, 2010

Business underwritten inside Pakistan

(Rupees in thousand)

Class	Commission paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expense	Commission from reinsurer	Net underwriting expense	
		Opening	Closing					2010	2009
Direct and facultative									
Fire and Property Damage	37,300	-	-	37,300	62,163	99,463	91,767	7,696	(10,713)
Marine, Aviation and Transport	18,356	-	-	18,356	42,025	60,381	31,640	28,741	4,444
Motor	35,866	-	-	35,866	53,995	89,861	76	89,785	87,733
Miscellaneous	15,556	-	-	15,556	27,989	43,545	18,540	25,005	22,967
<b>Total</b>	<b>107,078</b>	<b>-</b>	<b>-</b>	<b>107,078</b>	<b>186,172</b>	<b>293,250</b>	<b>142,023</b>	<b>151,227</b>	<b>104,431</b>

The annexed notes from 1 to 32 form an integral part of these financial statements.



Chairman



Director



Director



Principal Officer and Chief Executive

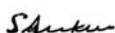
## Statement of Investment Income For the Year Ended December 31, 2010

	2010	2009
	(Rupees in thousand)	
Income from trading investments		
Gain on trading (i.e. buying and selling difference)	3,692	21,254
Dividend income (earned while holding the securities)	223	64
	3,915	21,318
Income from non-trading investments		
Held to maturity		
Return on government securities	9,858	9,218
Return on other fixed income securities and deposits	7,944	16,173
	17,802	25,391
Available for sale		
Dividend income	313,487	308,953
Gain / (loss) on sale of available for sale investments	5,577	(65,770)
	319,064	243,183
Gain on revaluation of trading investments	7,351	-
Provision for Impairment in value of investments		
Reversal / (Provision) for diminution in available for sale investments	582,688	(703,432)
Investment related expenses	(1,476)	(1,109)
Net investment income / (loss)	929,344	(414,649)

The annexed notes from 1 to 32 form an integral part of these financial statements.



Chairman



Director



Director



Principal Officer and Chief Executive

## Notes to and forming part of the Financial Statements

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### 1. Status and nature of business

IGI Insurance Limited ("the Company"), a Packages Group Company, was incorporated as a public limited company in 1953 under Companies Ordinance, 1984. The Company is listed on the Karachi and Lahore stock exchanges and is engaged in providing general insurance services in spheres of Fire, Marine, Motor and Miscellaneous. The registered office of the Company is situated at 7th Floor, The Forum, Suite No. 701-713, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi.

### 2. Basis of preparation

These financial statements have been prepared in accordance with the format of financial statements prescribed under Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002]. There is no other comprehensive income during the year ended 31 December 2010 and 2009.

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 shall prevail.

#### 2.2 Initial application of a standard, amendment or an interpretation to an existing standard and forthcoming requirements

##### 2.2.1 Initial application of a standard or an interpretation

Company has applied International Accounting Standard (IAS) 40 : Investment property on property classified from owner occupied property to investment property (Refer note 15).

Further, amendments to IFRS 7-Financial Instrument: Disclosure, became effective resulting in increased disclosures.

Following standards, interpretations and amendments became effective during the year. However, these amendments to IFRS and interpretations did not have any material effect on the Company's financial statements.

#### Improvements to IFRSs 2009

- Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.
- Amendments to IFRS 8 Operating Segments.
- Amendments to IAS 1 Presentation of Financial Statements.
- Amendments to IAS 7 Statement of Cash Flows.
- Amendments to IAS 17 Leases.
- Amendments to IAS 36 Impairment of Assets.
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement.

## For the Year Ended December 31, 2010

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### Improvements to IFRSs 2010

- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters.
- Amendment to IFRS 2 – Share-based Payment – Group Cash-settled Share-based Payment Transactions.
- Amendments to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues. IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments .
- Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters.
- Improvements to IFRSs 2010 – Amendments to IFRS 3 Business Combinations.
- Improvements to IFRSs 2010 – Amendments to IAS 27 Consolidated and Separate Financial Statements .
- IAS 24 Related Party Disclosures (revised 2009).

### 2.2.2 New accounting standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on or after January 1, 2011:

- Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (effective for annual periods beginning on or after February 01, 2010). The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. This interpretation has no impact on the Company's financial statements.
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after July 01, 2010). This interpretation provides guidance on the accounting for debt for equity swaps. This interpretation has no impact on Company's financial statements.
- IAS 24 Related Party Disclosures (revised 2009) – effective for annual periods beginning on or after January 01, 2011. The revision amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The amendment may result in certain changes in disclosures.
- Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after January 01, 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. This amendment is not likely to have any impact on Company's financial statements.
- Improvements to IFRSs 2010 – In May 2010, the IASB issued improvements to IFRSs 2010, which comprise of 11 amendments to 7 standards. Effective dates, early application and transitional requirements are addressed on a standard by standard basis. The majority of amendments are effective for annual periods beginning on or after January 1, 2011. The amendments include list of events or transactions that require disclosure in the interim financial statements and fair value of award credits under the customer loyalty programmes to take into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits. Certain of these amendments may result in increased disclosures in the financial statements.

## Notes to and forming part of the Financial Statements

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Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after January 1, 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The amendment has no impact on financial statements of the Company.

- Amendments to IFRS 7 - Disclosures - Transfers of Financial Assets (effective for annual periods beginning on or after July 1, 2011). The amendments introduce new disclosure requirements about transfers of financial assets including disclosures for financial assets that are not derecognised in their entirety; and financial assets that are derecognised in their entirety but for which the entity retains continuing involvement. These amendments will result in increased disclosures in the financial statements.

### 3. Basis of measurement

These financial statements have been prepared on the basis of historical cost convention, except for certain investments, which are stated at fair value and obligation under certain employee retirement benefits which are measured at present value.

#### 3.1 Use of estimates and judgments

The preparation of financial statements in conformity with the requirements of approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

The judgments, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the revision has been made.

In particular, the matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

- Provision for outstanding claims including IBNR (note 4.1.3)
- Provision for taxation and deferred tax (note 4.3)
- Defined benefit plan (note 4.9.2)
- Useful lives and residual values of fixed assets (note 4.8)
- Premium deficiency reserve (note 4.1.6)

#### 3.2 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the Company's functional currency. All financial information presented in Pak Rupees has been rounded to the nearest thousand, unless otherwise stated.

## For the Year Ended December 31, 2010

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### 4. Summary of significant accounting policies

The significant accounting policies adopted in preparation of these financial statements are set out below. These policies have been applied consistently to all years presented.

#### 4.1 Insurance contracts

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and liabilities are extinguished or expired.

The Company neither issues investment contracts nor does it issue insurance contracts with discretionary participation features (DPF).

##### 4.1.1 Premium

Premium written under a policy is recognized as income over the period of insurance from the date of issuance of the policy to which it relates to its expiry. Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk. The portion of premium written relating to the unexpired period of coverage is recognized as unearned premium by the Company. This liability is calculated by applying 1/24 method as specified in the SEC (Insurance) Rules, 2002.

Premium income includes administrative surcharge that represents documentation and other charges recovered by the Company from policy holders in respect of policies issued, at the rate of 5% of the premium written restricted to a maximum of Rs. 2,000 per policy.

Receivables under insurance contracts are recognized when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Company reduces the carrying amount of the receivable accordingly and recognizes that impairment loss in the profit and loss account.

##### 4.1.2 Reinsurance ceded

The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or accepted reinsurance business being reinsured.

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the provision for outstanding claims or settled claims associated with the reinsurance policies and are in accordance with the related reinsurance contract.

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from

## Notes to and forming part of the Financial Statements

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reinsurance contract are not offset against expenses or income from related insurance assets. Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expire.

The Company assesses its reinsurance assets for impairment on balance sheet date. If there is an objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the profit and loss account.

### 4.1.3 Claims expense

General insurance claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

The Company recognizes liability in respect of all claims incurred up to the balance sheet date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract. The liability for claims include amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates. Provision for IBNR is based on the management's best estimate which takes into account the past trends, expected future patterns of reporting of claims and the claims actually reported subsequent to the balance sheet date.

### 4.1.4 Reinsurance recoveries against claims

Claims recoveries receivable from the reinsurer are recognized as an asset at the same time as the claims which give rise to the right of recovery are recognized as a liability and are measured at the amount expected to be received.

### 4.1.5 Commission and other acquisition costs

Commission expense and other acquisition costs are charged to the profit and loss account at the time the policies are accepted. Commission income from reinsurers is recognized at the time of issuance of the underlying insurance policy by the Company. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit commission, if any, which the Company may be entitled to under the terms of reinsurance, is recognized on accrual basis.

### 4.1.6 Premium deficiency reserve

The Company maintains a provision in respect of premium deficiency for the class of business where the unearned premium liability is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. The movement in the premium deficiency reserve is recorded as an expense / income in profit and loss account for the year.



## For the Year Ended December 31, 2010

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For this purpose, loss ratios for each class are estimated based on historical claim development. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, premium deficiency is determined. The loss ratios estimated on these basis for the unexpired portion are as follows:

Fire and property damage	38%
Marine, aviation and transport	31%
Motor	55%
Miscellaneous	62%

Based on an analysis of combined operating ratio for the expired period of each reportable segment, the management considers that the unearned premium reserve for all classes of business as at the year end is adequate to meet the expected future liability after reinsurance, from claims and other expenses, expected to be incurred after the balance sheet date in respect of policies in those classes of business in force at the balance sheet date. Hence, no reserve for the same has been made in these financial statements.

### 4.2 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the services received, whether or not billed to the Company.

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

### 4.3 Taxation

#### Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalized during the current year for such years.

#### Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the balance sheet date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

## Notes to and forming part of the Financial Statements

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Deferred tax is provided on temporary differences arising on investments in associates stated under equity method of accounting.

### 4.4 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash in hand, deposits with banks, stamps in hand and short term finance.

### 4.5 Investments

4.5.1 All investments are initially recognized at cost, being the fair value of the consideration given and include transaction cost, except for held for trading investments in which case transaction costs are charged to the profit and loss account. These are classified into the following categories:

- Investment in equity instruments of associated undertakings
- Held to maturity
- Available for sale
- Investment at fair value through profit and loss - held for trading

#### 4.5.1.1 Investment in equity instruments of associated undertakings

Investment in associates, where the Company has significant influence but not control, are accounted for by using the equity method of accounting. These investments are initially recognized at cost, thereafter the Company's share of the changes in the net assets of the associates are accounted for at the end of each reporting period. After application of the equity method, the Company determines whether it is necessary to recognize any permanent impairment loss with respect to the Company's net investment in the associate. Share of profit and loss of associate is accounted for in the Company's profit and loss account.

Associates' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Company.

#### 4.5.1.2 Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost. At subsequent reporting dates, these are measured at amortized cost using the effective yield method.

Any premium paid or discount availed on acquisition of held to maturity investments is deferred and amortized over the term of the investment using the effective yield.

Income from held to maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments.

The difference between the redemption value and the purchase price of the held to maturity investments is amortized and taken to the profit and loss account over the term of the investment.

#### 4.5.1.3 Available for sale

Available for sale investments are those non-derivative investments that are designated as available

## For the Year Ended December 31, 2010

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for sale or are not classified in any other category. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity are classified as available for sale. It also includes investments in associated undertakings where the Company does not have significant influence. The Company follows trade date accounting for 'regular way purchase and sales' of investments.

Subsequent to initial recognition at cost, these are stated at lower of cost or market value (market value being taken as lower if fall is other than temporary) in accordance with the requirements of the S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan (SECP) in December 2002. The company uses latest stock exchange quotation to determine the market value of its quoted investments whereas, impairment of unquoted investments is computed by reference to net assets of the investee on the basis of the latest available audited / unaudited financial statements.

Had these investments been measured at fair value as required by IAS 39 - Financial Instruments: Recognition and Measurement, the Company's net equity would have been higher by Rs. 3,872 million (2009: lower by Rs. 1,208 million).

Dividend income and entitlement of bonus shares are recognized when the Company's right to receive such dividend and bonus shares is established.

Gain / (loss) on sale of available for sale investments are recognized in profit and loss account.

### 4.5.1.4 Investment at fair value through profit and loss - held for trading

These financial assets are acquired principally for the purpose of generating profit from short-term fluctuation in prices or are part of a portfolio for which there is a recent actual pattern of short-term profit taking.

Subsequent to initial recognition these are measured at fair value by reference to quoted market prices with the resulting gain or loss being included in net profit or loss for the period in which it arises.

Dividend income and entitlement of bonus shares are recognized when the Company's right to receive such dividend and bonus shares is established.

### 4.5.2 Derivative financial instruments

Derivatives are initially recorded at cost and are remeasured to fair value at subsequent reporting dates. The fair value of a derivative is the equivalent of the unrealized gain or loss from revaluation of derivative using prevailing market rates. Derivatives are classified as held for trading and the net unrealized gain or loss are included in investment income.

### 4.6 Sale and repurchase agreements

Securities purchased under an agreement to resell (reverse repo) are not recognized in the financial statements as investments and the amount extended to the counter party is included in sundry receivables. The difference between the sale and repurchase price is recognized as mark-up income and included in other income.

## Notes to and forming part of the Financial Statements

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### 4.7 Investment property

Investment property is held for earning rentals and capital appreciation. Investment property is accounted for under the cost model in accordance with approved International Accounting Standards (IAS) 40, "Investment property" and S.R.O 938 issued by the Securities and Exchange Commission of Pakistan.

Depreciation policy, subsequent capital expenditures and gain or losses on disposal are accounted for in the same manner as tangible fixed assets.

### 4.8 Fixed assets

#### Tangible

These are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation on all fixed assets is charged to profit and loss account on the straight line method so as to write-off depreciable amount of an asset over its useful life at the rates stated in note 19. Depreciation on additions to fixed assets is charged from the month in which an asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed off.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its fixed assets as at 31 December 2010 did not require any adjustment as its impact is considered insignificant.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

#### Intangible

Software development cost are only capitalized to the extent that future economic benefits are expected to flow to the entity. Intangible assets with finite useful lives are stated at cost less accumulated amortization and impairment losses, if any. Intangible assets with indefinite useful lives are stated at cost less impairment losses, if any.

### 4.9 Staff retirement benefits

#### 4.9.1 Defined contribution plan

The Company operates an approved contributory provident fund for all permanent employees. Equal monthly contributions are made by the Company and employees to the fund at the rate of 10 percent of basic salary.

#### 4.9.2 Defined benefit plan

All permanent employees of the Company participate in an approved funded defined gratuity plan.

## For the Year Ended December 31, 2010

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The latest actuarial valuation was carried out as at 31 December 2010. The actual returns on plan assets during the year were Rs. 1.8 million. The actual return on plan asset represents the difference between the fair value of plan assets at the beginning and end of the year after adjustment for contributions made by the Company as reduced by benefits paid during the year.

Plan assets comprise of equity instruments and cash to the extent of 10% and 90% respectively. The Company is expected to contribute Rs. 2.441 million to the gratuity fund in the next financial year.

The Company's policy with regard to actuarial gains/losses is to follow minimum recommended approach under IAS 19 - Employee benefits.

### 4.9.3 Accumulating compensated absences

Provisions are made annually to cover the obligation for accumulating compensated absences and are charged to profit and loss account.

Retirement benefits are payable to employees on completion of prescribed qualifying period of service under these schemes.

### 4.10 Financial instruments

Financial assets and financial liabilities within the scope of IAS 39 are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet include cash and bank deposits, investments, accrued investment income, sundry receivables, accrued expenses, long term finance, sundry creditors, short term finance and unclaimed dividend. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

### 4.11 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

### 4.12 Segment reporting

A business segment is a distinguishable component of the Company that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Company accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The reported operating segments are also consistent with the internal reporting provided to Strategy Committee and Board of Directors which are responsible for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

## Notes to and forming part of the Financial Statements

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The Company has four primary business segments for reporting purposes namely fire, marine, motor and miscellaneous.

The perils covered under fire insurance include damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and terrorism.

Marine insurance provides coverage against cargo risk, war risk and damages occurring in inland transit.

Motor insurance provides comprehensive car coverage and indemnity against third party loss.

Miscellaneous insurance provides cover against health, burglary, loss of cash in safe and cash in transit, travel, personal accident, money, engineering losses, live stocks, crops and other covers.

Financing, investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment. The accounting policies of operating segment are the same as those described in the summary of significant accounting policies.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them. Those assets and liabilities which can not be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

### 4.13 Impairment

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

The carrying amount of non-financial assets is reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or a group of assets. If such indication exists, the recoverable amount of such assets is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

All impairment losses are recognized in the profit and loss account. Provisions for impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

### 4.14 Foreign currency transactions and translations

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions.

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

### 4.15 Expenses of management

Expenses of management allocated to the underwriting business represent directly attributable expenses and indirect expenses allocated to the various classes of business on the basis of gross premium revenue. Expenses not allocable to the underwriting business are charged as administrative expenses.

## For the Year Ended December 31, 2010

### 4.16 Dividend

Dividend distribution to the Company's shareholders is recognized as a liability in the period in which the dividends are approved.

### 5. Issued, subscribed and paid-up share capital

2010 (Number of shares)	2009		2010 (Rupees in thousand)	2009
1,942,187	1,942,187	Ordinary shares of Rs. 10 each issued as fully paid in cash	19,422	19,422
69,900,607	57,926,808	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	699,005	579,267
<u>71,842,794</u>	<u>59,868,995</u>		<u>718,427</u>	<u>598,689</u>

### 5.1 Ordinary shares of the Company held by associated undertakings are as follows:

	2010 (Number of shares)	2009
Packages Limited	7,625,294	6,354,412
Industrial Technical and Educational Institute	12,211,370	10,176,142
	<u>19,836,664</u>	<u>16,530,554</u>

### 6. Deferred tax

The (liability) / asset for deferred taxation comprises timing differences relating to:	2010 (Rupees in thousand)	2009
Accelerated tax depreciation	(39,738)	(39,074)
Investment in associated companies	(56,840)	(69,646)
Provision for doubtful receivables	29,021	27,344
Unused tax losses	-	30,444
Investment at fair value through profit or loss	(588)	-
	<u>(68,145)</u>	<u>(50,932)</u>

### 7. Sundry creditors

Federal Excise Duty		8,563	8,102
Federal Insurance Fee		535	377
Car finance payable		4,278	2,770
Agent commission payable		49,790	32,516
Others	7.1	30,847	10,645
		<u>94,013</u>	<u>54,410</u>

### 7.1 This includes an amount of Rs. 4.223 million (2009: 3.856 million) representing advance rent received from IGI Investment Bank Limited.

## Notes to and forming part of the Financial Statements

### 8. Long term finance - secured

Lender	2010	2009	Rate of interest per annum	Number of instalments	Interest payable	Security
	(Rupees in thousand)					
Standard Chartered Bank (Pakistan) Limited	-	40,000	3 months average KIBOR Ask rate + 0.75%	Last installment paid in April 2010	Quarterly	-
	<u>-</u>	<u>40,000</u>				

### 9. Short term finance - secured

		2010	2009
		(Rupees in thousand)	
Running finance	9.1	46,327	287,681
Term finance	9.2	350,000	200,000
		<u>396,327</u>	<u>487,681</u>

9.1 Running finance available from a consortium of commercial banks under mark-up arrangements amounts to Rs. 2,250 million (2009: Rs. 2,500 million). The rates of mark-up range from 13.09% to 17.00% per annum (2009: 13.55% to 17.00% per annum). Running finances are secured against pledge of shares held by the Company.

9.2 Term finance available from consortium of commercial banks under mark-up arrangements amounts to Rs. 750 million (2009: Rs. 500 million). The rate of mark-up range from 14.05% to 14.64% per annum (2009: 13.76% per annum). Term finance is secured against pledge of shares held by the Company.

### 10. Contingencies and commitments

The income tax assessments of the Company have been finalized up to and including the tax year 2010. However, the Company has filed appeals in respect of certain assessment years which mainly relate to the following:

- While finalizing the assessment for the year 1999-2000 the Taxation Officer has not allowed credit for tax paid under section 54 amounting to Rs. 3 million for which rectification application is filed which is pending.
- While finalizing the assessments for the year 2000-2001, 2001-2002, 2002-2003 the CIT (A) has made certain disallowances of expenses amounting to Rs. 134.3 million. Against the orders of CIT (A) the Company has filed the appeals with the Income Tax Appellate Tribunal who has decided the matter in favour of the Company, however, appeal effect order is pending for which letter is written to the T.O.
- The Company has also filed the applications in respect of certain mistakes made in the orders passed under section 124 of the Ordinance for 2001-2002 and 2002-2003. The applications filed are rejected by the T.O. against which appeals have been filed with the CIT (A) which are pending.



## For the Year Ended December 31, 2010

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An appeal was filed before the CIT(A) against the order passed by the TO under section 122(1) of the Income Tax Ordinance, 2001 which was decided against the Company. Against the said order of the CIT(A), further appeal was filed with the ITAT. In respect of the issue of provision for diminution in the value of investment, the issue is decided in favour of the Company by a specially constituted Larger Bench of the ITAT. For the remaining issues, the appeal is still pending.

- The Additional Commissioner of income tax (AC) has issued notice under section 122 (5A) of the Income Tax Ordinance, 2001 in respect of the tax year 2005 and 2006 whereby he has proposed to disallow claim of expenses and exemption in respect of gain on sale of shares and taxed income from Associates. Against the above notice, the Company has filed a constitutional petition before the honorable High Court. The regular hearing of petition is currently pending with the High Court.
- The Deputy Commissioner of Inland Revenue has selected the case relating to the tax year 2007 for audit in terms of section 177 of the Income Tax Ordinance, 2001. The DCIR has passed the amended order under section 122(5A). The Company being aggrieved of the treatment has filed an appeal before the CIR(A) who has allowed partial relief in respect of certain disallowances and confirmed the addition of Rs. 7 billion made on account of disallowance of claim of exemption in respect of capital gains on trading of shares. Pursuant to the appellate order the appeal effect order has not yet been issued. The Company is in the process of filing further appeal before the Appellate Tribunal Inland Revenue (ATIR) in respect of the issues on which relief was not allowed by the CIR (A).
- The Return for the tax year 2008 has been filed. The Additional Commissioner Audit Division-11 had issued notice under section 122 (5A) of the Ordinance for passing an amended order on certain issues. The Company filed a writ petition before the High Court of Sindh which has restrained the department to take up the amended proceedings.
- For tax year 2009 the DCIR has passed the amended order under section 122(5A) of the Ordinance by disallowing provisions of IBNR, unearned commission and allocation of expenses relating to exempt income. The Company has filed an appeal before the CIR (A) against the disallowances which is pending adjudication. The Company has also filed stay application with the CIR (A), for recovery of demand of Rs. 51 million by the taxation authorities which is also pending.
- The Company has along with certain other insurance companies filed a suit against the demand notice issued, in which it has sought a declaration that the demand charging FED at 5% of the premium on contracts concluded and policies issued before 1 July 2006, is ultravires.
- Company is defending a suit against it by M/s Nawaz Enterprises for recovery of Rs. 9.45 million on account of insurance claim. The outcome of the case is likely to be favourable.
- Company is defending a suit filed against it and the beneficiary by the Federation of Pakistan amounting to Rs. 4.929 million. The petition is pending for hearing before Civil Court judge.

## Notes to and forming part of the Financial Statements

11. Cash and other equivalents	2010	2009
	(Rupees in thousand)	
Cash	-	-
Policy stamps in hand	231	267
	<u>231</u>	<u>267</u>

### 12. Current and other accounts

Current accounts		2	590
PLS saving accounts	12.1	188	5,952
		<u>190</u>	<u>6,542</u>

12.1 The balances in PLS saving accounts carry mark-up ranging from 5.00% to 7.00% per annum (2009: 2.35% to 6.00% per annum).

### 13. Deposits maturing within 12 months

	2010	2009
	(Rupees in thousand)	
Statutory deposit with State Bank of Pakistan	-	-
Term deposits	-	-
	<u>-</u>	<u>-</u>

### 14. Investments

The investments comprise of the following:

Equity instruments of associated companies	14.1	4,860,601	4,851,740
Held to maturity	14.2	135,838	122,334
Available for sale	14.3	6,821,621	6,261,684
At fair value through profit or loss - held for trading		87,742	-
		<u>11,905,802</u>	<u>11,235,758</u>

#### 14.1 Equity instruments of associated companies

Quoted

##### IGI Investment Bank Limited

89,095,494 (2009: 89,095,494) fully paid ordinary shares of Rs. 10 each 591,843 625,480  
 Equity held 42.01% (2009: 42.01%)  
 Market value Rs. 2.93 per share

##### Packages Limited

20,151,487 (2009: 19,007,860) fully paid ordinary shares of Rs. 10 each 4,139,189 4,112,204  
 Equity held 23.88% (2009: 22.53%)  
 Market value Rs. 128.61 per share

## For the Year Ended December 31, 2010

Unquoted	2010	2009
	(Rupees in thousand)	
Loads Limited		
1,249,260 (2009: 1,249,260) fully paid ordinary shares of Rs. 10 each	129,569	114,056
Equity held 20.82% (2009: 20.82%)		
Break up value Rs. 101 per share		
Dane Foods Limited		
2,643,161 (2009: 2,643,161) fully paid ordinary shares of Rs. 10 each		
Equity held 30.62% (2009: 30.62%)		
In liquidation, break-up value is Nil per share based on audited accounts for the year ended 30 June 2000		
Cost	26,432	26,432
Provision for diminution in value	(26,432)	(26,432)
	-	-
	<u>4,860,601</u>	<u>4,851,740</u>

14.1.1 Investments in unquoted associates do not include any goodwill as the investments were made when these associates were incorporated.

14.1.2 The summarized financial information of associated companies is as follows:

		2010			
	Country of incorporation	Assets	Liabilities	Revenues	(Loss)/profit
		(Rupees in thousand)			
IGI Investment					
Bank Limited	Pakistan	9,151,258	7,734,939	590,334	51,053
Packages Limited	Pakistan	39,624,800	12,694,921	21,837,433	(332,431)
Loads Limited	Pakistan	1,087,771	480,174	1,409,497	74,506
		<u>49,863,829</u>	<u>20,910,034</u>	<u>23,837,264</u>	<u>(206,872)</u>
		2009			
	Country of incorporation	Assets	Liabilities	Revenues	(Loss)/profit
		(Rupees in thousand)			
IGI Investment					
Bank Limited	Pakistan	8,318,162	6,792,634	876,330	(283,926)
Packages Limited	Pakistan	35,588,582	12,315,900	16,506,653	3,919,699
Loads Limited	Pakistan	1,088,470	555,547	1,317,932	(181,867)
		<u>44,995,214</u>	<u>19,664,081</u>	<u>18,700,915</u>	<u>3,453,906</u>

14.1.3 The share of loss from Packages Limited and IGI Investment Bank Limited is based on unaudited results as at 31 December 2010. In case of Loads Limited, audited financial statements as at 30 June 2010 have been used.

## Notes to and forming part of the Financial Statements

14.2	Held to maturity			2010	2009
				(Rupees in thousand)	
	Government securities	14.2.1		78,475	61,600
	Term finance certificates	14.2.2		57,363	60,734
				<u>135,838</u>	<u>122,334</u>

### 14.2.1 Government securities

Particulars	Maturity year	Effective yield %	Profit payment	2010	2009
				(Rupees in thousand)	
Pakistan Investment Bonds	2012	15.00%	Half yearly	64,405	61,600
Pakistan Investment Bonds	2019	15.00%	Half yearly	14,070	-
				<u>78,475</u>	<u>61,600</u>

14.2.1.1 The Pakistan Investment Bond is placed as statutory deposit with State Bank of Pakistan in accordance with the requirements of Clause (a) of sub-section 2 of section 29 of Insurance Ordinance, 2000.

14.2.1.2 Market value of Pakistan Investment Bond carried at amortized cost amounts to Rs. 78.860 million (2009: Rs. 65.204 million).

### 14.2.2 Term finance certificates

Name of investee company	Rating	Maturity year	Effective yield %	Profit payment	2010	2009
					(Rupees in thousand)	
Bank AL Habib Limited	AA	2012	10%	Half yearly	2,494	2,495
Standard Chartered Bank (Pakistan) Limited	AAA	2010	10.75%	Half yearly	1,875	5,244
United Bank Limited	AA	2012	8.45%	Half yearly	2,494	2,495
Pakistan Mobile Communication Limited - II	AA	2012	14.62%	Half yearly	50,500	50,500
					<u>57,363</u>	<u>60,734</u>

14.2.2.1 Market value of term finance certificates carried at amortized cost amounts to Rs. 50.265 million (2009: Rs. 58.391 million).

### 14.3 Available for sale

				2010	2009
				(Rupees in thousand)	
Related parties		14.3.1			
- Quoted				6,689,791	6,120,801
- Unquoted				100,236	100,236
				<u>6,790,027</u>	<u>6,221,037</u>
Others		14.3.2			
- Quoted				13,857	13,857
- Unquoted				17,737	26,790
				<u>31,594</u>	<u>40,647</u>
				<u>6,821,621</u>	<u>6,261,684</u>

## For the Year Ended December 31, 2010

### 14.3.1 Related parties

#### Associated companies

##### Quoted

Number of Shares		Percentage equity held	Face value per share	Company's name		2010	2009
2010	2009	%	(Rupees)			(Rupees in thousand)	
4,237,560	4,355,389	9.50%	10	Nestle Pakistan Limited	14.4	6,315,463	6,353,909
1,161,984	1,161,894	12.05%	10	Sanofi Aventis Pakistan Limited	14.4	280,654	280,654
1,085,346	947,500	3.62%	10	Tri-Pack Films Limited	14.4	218,484	202,789
5,442,060	544,206	13.01%	10	Treet Corporation Limited		150,035	150,035
187,353	187,353	3.72%	10	Mitchell's Fruit Farms Limited		21,437	21,437
173,191	173,191	3.25%	10	Zulfeqar Industries Limited		19,561	19,561
				Siemens Pakistan Engineering Company Limited		125,622	125,622
70,131	70,131	0.85%	10			125,622	125,622
				Total investment		7,131,256	7,154,007
				Provision for diminution in value	14.3.1.1	(441,465)	(1,033,206)
						<u>6,689,791</u>	<u>6,120,801</u>
				Market value as at 31 December		<u>11,013,222</u>	<u>5,961,115</u>
<b>Unquoted</b>							
12,433,934	12,433,934	1.48%	10	Coca Cola Beverages Pakistan Limited			
				Managing Director: Mr. Ahsan Rasheed			
				Break-up value is Rs. 8.38 per share based on unaudited financial statements for the period ended 31 December 2009			
				Cost		134,665	134,665
				Provision for diminution in value		(34,429)	(34,429)
						<u>100,236</u>	<u>100,236</u>
				Breakup value as at 31 December		<u>104,244</u>	<u>92,011</u>

14.3.1.1 Provision for diminution in value amounting to Rs. 591.741 million was reversed during the year.

## Notes to and forming part of the Financial Statements

### 14.3.2 Others

#### Quoted

Number of Shares		Percentage equity held	Face value per share	Company's name		2010	2009
2010	2009	%	(Rupees)			(Rupees in thousand)	
458,611	382,176	0.38%	10	International Industries Limited	14.4	37,395	37,395
				Provision for diminution in value		(23,538)	(23,538)
						<u>13,857</u>	<u>13,857</u>
				Market value as at 31 December		<u>27,448</u>	<u>22,426</u>

#### Unquoted

44	44	4.87%	100	Kissan Fruit Growers (Private) Limited Chief Executive: Syed M. Mohsin Break-up value is Rs. 559.23 per share based on audited financial statements for the year ended 30 September 2006		4	4
32	32	4.83%	100	Punjab Fruit Growers (Private) Limited Chief Executive: Syed M. Mohsin Break-up value is Rs. 107.09 per share based on audited financial statements for the year ended 30 September 2006		3	3
1,705	1,705	4.87%	10	Haider Fruit Growers (Private) Limited Chief Executive: Syed M. Mohsin Break-up value is Rs. 9.71 per share based on audited financial statements for the year ended 30 June 2006			
				Cost		17	17
				Provision for diminution in value		(1)	(1)
						<u>16</u>	<u>16</u>
350	350	-	100	Petroleum Development Pakistan Limited	14.5	1	1
500	500	-	100	National Steel of Pakistan Limited	14.5	1	1
324,999	324,999	0.65%	10	CDC Private Limited Chief Executive: Muhammad Hanif Break-up value is Rs. 31.68 per share based on audited financial statements for the year ended 30 June 2010		9,110	9,110
1,900,000	1,900,000	0.67%	10	DHA Cogen Limited Chief Executive: Naseem Khan Break-up value is Rs. 2.095 per share based on audited financial statements for the year ended 31 December 2009			
				Cost		19,125	19,125
				Provision for diminution in value		(15,144)	(6,091)
						<u>3,981</u>	<u>13,034</u>

## For the Year Ended December 31, 2010

Number of Shares		Percentage equity held	Face value per share	Company's name	2010	2009
2010	2009	%	(Rupees)		(Rupees in thousand)	
374,440	374,440	0.37%	10	Techlogix International Limited Chief Executive: Mr. Kawan Khawaja Break-up value is Rs. 2.53 per share based on audited financial statements for the period ended 31 December 2009		
				Cost	4,261	4,261
				Provision for diminution in value	(3,291)	(3,291)
					970	970
637,448	637,448	2.46%	10	Systems (Private) Limited Chief Executive: Mr. Ashraf Kapadia Break-up value is Rs. 17.787 per share based on unaudited financial statements for the period ended 30 June 2010		
				Cost	10,150	10,150
				Provision for diminution in value	(6,499)	(6,499)
					3,651	3,651
					17,737	26,790
				Breakup value as at 31 December	26,608	31,875

14.4 1,210,000 shares of Nestle Pakistan Limited with a book value of Rs. 1,766 million, 375,000 shares of International Industries Limited with book value of Rs. 30.577 million, 1,000,000 shares of Sanofi Aventis with a book value of Rs. 241.548 million, 947,500 shares of Tri-Pack Films Limited with book value of Rs. 190.736 million are pledged as security against short term finance as referred to in note 9 .

14.5 These represent investments in Bangladesh.

### 15. Investments property

This represents the carrying amount of a portion of the building transferred from owner occupied property to investment property based on management's intention to hold the property for earning rentals and/or capital appreciation. The property will be depreciated at the rate of 5%.

The market value of the investment property is Rs. 106.228 million on 31 December 2010 as per valuation carried out by an independent valuer M/s. Joseph Lobo (Pvt.) Ltd. in 2010.

### 16. Premiums due but unpaid

Unsecured

- Considered good

- Considered doubtful

Provision for doubtful receivables

16.1

116,515	108,911
58,610	49,640
175,125	158,551
(43,125)	(31,480)
132,000	127,071

## Notes to and forming part of the Financial Statements

		2010	2009
		(Rupees in thousand)	
<b>16.1 Provision for doubtful receivables</b>			
Balance as at 1 January		31,480	23,980
Provision made during the year		11,645	7,500
Balance as at 31 December		<u>43,125</u>	<u>31,480</u>
<b>17. Amounts due from other insurers / reinsurers</b>			
Unsecured			
- Considered good		205,829	259,712
- Considered doubtful		46,646	46,646
		252,475	306,358
Provision for doubtful receivables	17.1	(40,000)	(46,646)
		<u>212,475</u>	<u>259,712</u>
<b>17.1 Provision for doubtful receivables</b>			
Balance as at 1 January		46,646	46,646
Reversal during the year		(6,646)	-
Balance as at 31 December		<u>40,000</u>	<u>46,646</u>
<b>18. Sundry receivables</b>			
Advances - considered good	18.1	26,617	19,638
Security deposits		6,296	6,108
Agent balances		6,412	166
Receivable against reverse repo agreement	18.2	54,630	19,530
Receivable from defined benefit plan	18.3	5,655	3,971
Sales tax recoverable		1,612	827
		<u>101,222</u>	<u>50,240</u>

**18.1** Included in advances is an amount of Rs. 0.498 million (2009: Rs. 0.614 million) representing balance receivable from related parties. These are in the normal course of business and are interest free.

**18.2** This represents amount receivable from EPCL Employees Trust under reverse repo agreement against shares of Engro Polymer and Chemicals Limited having market value of Rs. 71.778 million (2009: Rs. 68.7 million) and carries mark up at the rate of 14.82% per annum (2009: 16.5% per annum).

### 18.3 Defined benefit plan

The actuarial valuation is carried out annually and contributions are made accordingly. Following were significant assumptions used for valuation of the scheme.

- Discount rate 14% (2009: 14%) per annum
- Expected rate of increase in the salaries of the employees 14% (2009: 14%) per annum
- Expected interest rate on the plan assets of the fund 14% (2009: 14%) per annum
- Expected service length of employees 7 years (2009: 8 years)



## For the Year Ended December 31, 2010

		2010	2009
		(Rupees in thousand)	
<b>18.3.1 (Asset) / liability in balance sheet</b>			
Present value of defined benefit obligation	18.3.2	14,063	10,038
Fair value of plan assets	18.3.3	(14,662)	(10,109)
Net actuarial losses not recognized		(5,056)	(3,900)
		<u>(5,655)</u>	<u>(3,971)</u>
<b>Movement in (asset) / liability during the year</b>			
Opening balance		(3,971)	(3,399)
Charge to profit and loss account		2,268	2,039
Contribution to the fund during the year		(3,952)	(2,611)
Closing balance		<u>(5,655)</u>	<u>(3,971)</u>
<b>18.3.2 Reconciliation of the present value of defined benefit obligations</b>			
Present value of obligation as at 1 January		10,038	6,371
Current service cost		2,058	1,260
Interest cost		1,321	956
Benefits paid		(1,199)	(515)
Actuarial loss		1,845	1,966
Present value of obligation as at 31 December		<u>14,063</u>	<u>10,038</u>
<b>18.3.3 The changes in fair value of plan assets is as follows:</b>			
Fair value of plan assets as at 1 January		10,109	4,797
Expected return on plan assets		1,524	719
Contributions to the fund		3,952	2,611
Benefits paid		(1,199)	(515)
Actuarial gain		276	2,497
Fair value as at 31 December		<u>14,662</u>	<u>10,109</u>
<b>18.3.4 Charge for the defined benefit plan</b>			
Current service cost		2,058	1,260
Interest cost		1,321	956
Expected return on investments		(1,524)	(719)
Recognition of actuarial loss		413	542
Expense for the year		<u>2,268</u>	<u>2,039</u>

## Notes to and forming part of the Financial Statements

2010  
2009  
(Rupees in thousand)

### 18.3.5 Actual return on plan assets

Expected return on assets	1,524	719
Actuarial gain	276	2,497
	<u>1,800</u>	<u>3,216</u>

### 18.3.6 Composition of fair value of plan assets

Equity investment	1,496	1,243
Cash and bank deposit	13,166	8,866
Fair value of plan assets	<u>14,662</u>	<u>10,109</u>

### 18.3.7 Historical data of the fund

	2010	2009	2008	2007	2006
	(Rupees in thousand)				
Present value of defined benefit obligation	14,063	10,038	6,371	4,851	3,666
Fair value of plan assets	14,662	10,109	4,797	4,211	3,253
(Surplus) / deficit	<u>(599)</u>	<u>(71)</u>	<u>1,574</u>	<u>640</u>	<u>413</u>
Experience adjustment					
- Experience adjustment on obligation	-13%	-20%	-21%	2%	13%
- Experience adjustment on assets	2%	-25%	-35%	6%	11%

## For the Year Ended December 31, 2010

### 19. Fixed assets

#### 19.1 Tangible

	Furniture, fixtures and office equipment				Buildings	(Rupees in thousand)	
	Furniture and fixtures	Office equipment	Computer equipment	Sub total		Motor Vehicles	Total
As at 1 January 2009							
Cost	21,848	21,909	23,564	67,321	239,826	67,492	374,639
Accumulated depreciation	(4,298)	(7,938)	(18,201)	(30,437)	(21,988)	(19,683)	(72,108)
Net book value as at 1 January 2009	<u>17,550</u>	<u>13,971</u>	<u>5,363</u>	<u>36,884</u>	<u>217,838</u>	<u>47,809</u>	<u>302,531</u>
For the year ended 31 December 2009							
Opening net book value	17,550	13,971	5,363	36,884	217,838	47,809	302,531
Additions	1,225	489	1,725	3,439	-	15,333	18,772
Disposals							
- Cost	(845)	(756)	(1,218)	(2,819)	-	(13,522)	(16,341)
- Accumulated depreciation	241	423	1,217	1,881	-	7,089	8,970
	(604)	(333)	(1)	(938)	-	(6,433)	(7,371)
Depreciation charge	(2,163)	(3,186)	(3,397)	(8,746)	(11,991)	(12,650)	(33,387)
Net book value as at 31 December 2009	<u>16,008</u>	<u>10,941</u>	<u>3,690</u>	<u>30,639</u>	<u>205,847</u>	<u>44,059</u>	<u>280,545</u>
As at 1 January 2010							
Cost	22,228	21,642	24,071	67,941	239,826	69,303	377,070
Accumulated depreciation	(6,220)	(10,701)	(20,381)	(37,302)	(33,979)	(25,244)	(96,525)
Net book value as at 1 January 2010	<u>16,008</u>	<u>10,941</u>	<u>3,690</u>	<u>30,639</u>	<u>205,847</u>	<u>44,059</u>	<u>280,545</u>
For the year ended 31 December 2010							
Opening net book value	16,008	10,941	3,690	30,639	205,847	44,059	280,545
Additions	131	390	2,133	2,654	-	19,961	22,615
Disposals/Transfer							
- Cost	(116)	(379)	(68)	(563)	-	(12,941)	(13,504)
- Accumulated depreciation	43	241	68	352	-	7,518	7,870
- Transfer out	-	-	-	-	(96,928)	-	(96,928)
	(73)	(138)	-	(211)	(96,928)	(5,423)	(102,562)
Depreciation charge	(2,184)	(3,197)	(2,520)	(7,901)	(11,991)	(13,465)	(33,357)
Net book value as at 31 December 2010	<u>13,882</u>	<u>7,996</u>	<u>3,303</u>	<u>25,181</u>	<u>96,928</u>	<u>45,132</u>	<u>167,241</u>
As at 31 December 2010							
Cost	22,243	21,653	26,136	70,032	239,826	76,323	386,181
Accumulated depreciation	(8,361)	(13,657)	(22,833)	(44,851)	(45,970)	(31,191)	(122,012)
Transfer out	-	-	-	-	(96,928)	-	(96,928)
Net book value as at 31 December 2010	<u>13,882</u>	<u>7,996</u>	<u>3,303</u>	<u>25,181</u>	<u>96,928</u>	<u>45,132</u>	<u>167,241</u>
Annual rate of depreciation	10%	10-20%	33.33%		5%	20%	

## Notes to and forming part of the Financial Statements

### 19.2 Intangibles

2010  
(Rupees in thousand)

#### Computer Softwares

Opening net book value

-

Transferred from software under development  
Addition

2,000  
1,197  
3,197

Amortisation

(320)

Net book value as at 31 December 2010

2,877

### 19.3 Softwares under development

This represents payment of Rs. 3.776 million for web based GIAS and opening balance of Rs. 2 million has been transferred to computer softwares during the period.

### 19.4 Disposal of operating fixed assets

(Rupees in thousand)

Particulars of the assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
<b>Vehicles</b>						
<b>Employees</b>						
Suzuki Cultus VXL ANF-881	Syed Mukkaram Ali	661	365	296	481	Company policy
Cuore FFP-7789	Muhammad Adnan Tariq	500	317	183	293	Company policy
Suzuki Cultus LWP-178	Faisal Shahzad	611	424	187	326	Company policy
Totota Vitz AQN-166	Jahangir Anwar	822	329	493	575	Company policy
Santro LZV-2711	Khurram Shahzad	675	605	70	415	Company policy
Suzuki Cultus APW-954	Nabeel Dean	599	270	329	433	Company policy
Suzuki Cultus APU-195	Dr. Zakir Hussain	627	313	314	385	Company policy
Santro LWG-6046	Zahid Mehmood	467	374	93	265	Company policy
Suzuki Alto ST-424	Muhammad Kashif Nisar	709	47	662	509	Company policy
Toyota Corolla AQK-620	Akhtar Abbas	1,057	525	532	764	Company policy
Honda Civic I-VTEC ASJ-194	Salim Iqbal	1,729	374	1,355	1,469	Company policy
Suzuki Alto AQH-985	Cyra Noshirwan	510	272	238	389	Company policy
<b>Outsiders</b>						
Suzuki Alto LEF-1286	Alfalah Insurance	636	223	413	560	Negotiation
Honda CG-125 FDN-3564	Alfalah Insurance	86	9	77	64	Negotiation
Toyota Vitz AKQ-073	Rehan Farid	698	593	105	475	Negotiation
<b>Office &amp; electrical equipments</b>						
Philips TV. 50"	Alfalah Insurance	195	108	87	119	Negotiation
<b>Other assets with book value less than Rs. 50,000</b>						
		2,923	2,725	198	1,758	
		<u>13,505</u>	<u>7,873</u>	<u>5,632</u>	<u>9,280</u>	

## For the Year Ended December 31, 2010

20. Management expenses		2010	2009
		(Rupees in thousand)	
Salaries, wages and benefits	20.1	127,835	110,315
Rent, rates and taxes		16,377	19,232
Electricity, gas etc		7,024	5,572
Repairs and maintenance		2,021	2,090
Conveyance		88	136
Education and training		1,545	1,127
Computer		3,516	5,082
Communication		6,963	7,599
Provision for doubtful debts		5,000	7,500
Inspection fee		1,952	1,227
Security expenses		13,851	9,748
		<u>186,172</u>	<u>169,628</u>

20.1 This includes charge for defined benefit and defined contribution plans amounting to Rs. 2.268 million (2009: Rs. 2.039 million) and Rs. 5.083 million (2009: Rs. 3.563 million) respectively.

21. Other income		2010	2009
		(Rupees in thousand)	
<b>Income from financial assets</b>			
Finance income from Continuous Funding System and reverse repo transaction		5,887	3,350
<b>Income from non-financial assets</b>			
Gain on disposal of fixed assets		3,646	3,026
Miscellaneous		114	109
		<u>3,760</u>	<u>3,135</u>
		<u>9,647</u>	<u>6,485</u>

22. Financial charges			
Markup on:			
- Long term finance		1,769	33,262
- Short term finance		63,395	94,783
Bank charges		1,399	1,664
		<u>66,563</u>	<u>129,709</u>

23. General and administrative expenses			
Office renovation		-	409
General office premium		5,239	1,926
Motor car expenses		9,639	9,141
Tour and travelling		8,988	10,664
Representation expenses		738	748
Stationery and printing		5,201	4,460
Depreciation	19	33,677	33,387
Donations		2,428	1,507
Auditors' remuneration	23.1	836	849
Advertisement expenses		6,285	5,777
Legal and professional		15,355	11,774
Workers' welfare fund		18,791	7,295
Sundry expenses		1,877	1,370
		<u>109,054</u>	<u>89,307</u>

## Notes to and forming part of the Financial Statements

23.1 Auditors' remuneration comprises of audit fee of Rs. 0.5 million (2009: Rs. 0.4 million), fee for interim review, regulatory returns and other certifications of Rs. 0.3 million (2009: Rs. 0.3 million) and out of pocket expenses of Rs. 0.036 million (2009: Rs. 0.149 million).

24. Taxation	2010 (Rupees in thousand)	2009
For the year		
- Current	67,002	33,000
- Deferred	17,213	67,800
	<u>84,215</u>	<u>100,800</u>

24.1 Tax charge reconciliation	2010	2009 (Percentage)
Reconciliation between the average effective tax rate and the applicable tax rate is as follows:		
Applicable tax rate	35.00	35.00
Tax effect of the amounts that are:		
Exempt income	(0.32)	(2.04)
Tax effect of income not allowed for determining accounting income	0.62	-
Chargeable to tax at different rates	(7.29)	(71.83)
Deductions not allowed	(18.19)	66.74
Others	(0.67)	(0.24)
	<u>(25.85)</u>	<u>(7.37)</u>
Effective tax rate	<u>9.15</u>	<u>27.63</u>

## 25. Remuneration Of Chief Executive, Directors and Executives

The aggregate amounts charged in these financial statements for remuneration, including certain benefits, to the Chief Executive, Directors and Executives of the Company during the year are as follows:

	(Rupees in thousand)					
	Chief Executive		Directors		Executives	
	2010	2009	2010	2009	2010	2009
Managerial remuneration	4,906	5,467	1,685	1,593	23,249	12,779
Retirement benefits (including provident fund)	851	854	-	-	3,879	1,944
Housing and utilities	2,755	2,734	393	449	12,873	6,735
Medical expenses	120	157	-	-	1,055	662
Conveyance allowance	194	207	-	-	3,341	1,902
Others	68	1,184	-	-	2,826	1,103
	<u>8,894</u>	<u>10,603</u>	<u>2,078</u>	<u>2,042</u>	<u>47,223</u>	<u>25,125</u>
Number of persons	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>26</u>	<u>17</u>

Chief Executive and executives of the Company are provided with Company maintained cars and residential telephones.

## For the Year Ended December 31, 2010

### 26. Transactions with Related Parties

Related parties comprise associated undertakings, other related group companies, directors of the Company, companies where directors also hold directorship, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Remuneration of key management personnel is disclosed in note 25. Amounts due to / from and other significant transactions, other than those disclosed elsewhere in these financial statements, are as follows:

Relationship with the Company	Nature of transactions	2010	2009	
		(Rupees in thousand)		
i) Associated undertakings	Transactions			
	Insurance premium	87,482	95,389	
	Insurance commission	5,177	4,359	
	Claims paid	4,647	10,600	
	Dividend received	61,776	-	
	Dividend paid	21,160	14,297	
	Rental income	18,581	17,566	
	Balances			
	Premium receivable	11,248	9,574	
	Commission payable	4	70	
	ii) Other related parties	Transactions		
		Insurance premium	337,156	317,827
		Insurance commission	10,555	9,447
		Claims paid	38,354	170,392
Dividend received		308,398	267,145	
Dividend paid		96,805	64,759	
Redemption of units		150,442	279,709	
Investment in units		225,000	60,000	
Brokerage commission		712	1,528	
Cash management charges		-	765	
Mark-up paid		391	13,450	
Balances				
Premium receivable		15,303	26,903	
Commission payable		12,405	6,945	
Overdraft payable	-	3,451		
Mark-up payable	-	253		
iii) Post employment benefit plans	Transactions			
	Expense charged in respect of retirement benefit plans	7,351	5,602	

All transactions with related parties have been carried out on commercial terms and conditions.

## Notes to and forming part of the Financial Statements

### 27. Operating segment

The Company has four primary business segments for reporting purposes namely Fire and property damage, Marine, Aviation and Transport, Motor and Miscellaneous.

Assets and liabilities, wherever possible, have been assigned to the following segments based on specific identification or allocated on the basis of gross premium earned by the segments.

	Fire and Property Damage		Marine, Aviation and Transport		Motor		Miscellaneous		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	Other information									
Segment assets	308,518	438,906	110,953	149,494	191,343	234,207	157,074	152,519	767,888	975,126
Unallocated corporate assets									12,192,563	11,390,940
Consolidated total assets									12,960,451	12,366,066
Segment liabilities	265,937	316,721	76,430	62,972	312,861	261,880	163,698	131,152	818,926	772,725
Unallocated corporate liabilities									565,671	632,528
Consolidated total liabilities									1,384,597	1,405,253
Capital expenditure	8,345	6,839	4,646	4,074	9,672	6,993	4,925	2,866	27,588	20,772
Depreciation	10,187	10,993	5,671	6,547	11,807	11,241	6,012	4,606	33,677	33,387

### 28. Earnings per share

#### 28.1 Basic earnings per share

2010  
(Rupees in thousand)

Profit for the year 836,556 263,966

(Number of shares)

Weighted average number of ordinary shares 28.2 71,842,794 71,842,794

(Rupees)

Earnings per share 11.64 3.67

28.1.1 The comparative figures of weighted average number of ordinary shares and earnings per share have been restated from 59,868,995 to 71,842,794 and Rs. 4.41 to Rs. 3.67 respectively as a result of bonus shares issued by the Company during the year.

#### 28.2 Weighted average number of ordinary shares

(Number of shares)

Number of shares outstanding as at 1 January 2010 59,868,995

Bonus shares issued during the year 11,973,799

Weighted average number of ordinary shares as at 31 December 2010 71,842,794

#### 28.3 Diluted earnings per share

Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at 31 December 2010 and 31 December 2009 which would have any effect on the earnings per share if the option to convert is exercised.



## For the Year Ended December 31, 2010

### 29 Financial and insurance risk management objectives and policies

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest / mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below. The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing the Company's risk management policies.

#### 29.1 Credit risk and concentration of credit risk

Credit risk is the risk that arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counterparties in various industries and by continually assessing the credit worthiness of counterparties.

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The Company's credit risk exposure is not significantly different from that reflected in the financial statements. The management monitors and limits the Company's exposure to credit risk through monitoring of client's exposure and conservative estimates of provisions for doubtful assets, if any.

The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

The carrying amount of financial assets represents the maximum credit exposure (Rupees in thousand)

	2010	2009
Bank deposits	190	6,542
Investments	57,363	60,734
Premiums due but unpaid	132,000	127,071
Amount due from other insurers / reinsurers	212,475	259,712
Accrued investment income	8,827	8,379
Reinsurance recoveries against outstanding claims	95,371	172,357
Sundry receivables	99,610	49,413
	<u>605,836</u>	<u>684,208</u>

The Company did not hold any collateral against the above during the year except for lending under reverse repo agreement where the Company held collateral as mentioned in note 18.2. General provision is made for receivables according to the Company's policy. The impairment provision is written off when the Company expects that it cannot recover the balance due.

During the year receivables of Rs. 5 million were further impaired and provided for. The movement in the provision for doubtful debt account is shown in note 16.1 & 17.1. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers / reinsurers for whom there is no recent history of default.

## Notes to and forming part of the Financial Statements

The age analysis of receivables is as follows:

	2010	2009
	(Rupees in thousand)	
Upto 1 year	268,409	288,023
1-2 years	26,937	62,074
2-3 years	37,884	42,668
Over 3 years	94,370	72,144
	<u>427,600</u>	<u>464,909</u>

The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

	Rating		Rating Agency	2010	2009
	Short term	Long term		(Rupees in thousand)	
Dubai Islamic Bank	A1	A	JCR-VIS	-	7
JS Bank Limited	A1	A	PACRA	37	5,911
Habib Bank Limited	A1+	AA+	JCR-VIS	15	1
KASB Bank Limited	A-	A2	PACRA	25	2 5
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	72	8
MCB Bank Limited	A1+	AA+	PACRA	39	590
The Royal Bank of Scotland	A1+	AA	PACRA	2	-
				<u>190</u>	<u>6,542</u>

	2010	2009
	(Rupees in thousand)	
Sector wise analysis of premiums due but unpaid		
Foods & beverages	13,162	22,308
Financial services	15,212	18,073
Pharmaceuticals	12,541	14,314
Textile & composites	16,030	13,304
Plastic industries	4,515	10,322
Engineering	12,024	9,570
Other manufacturing	36,002	27,893
Miscellaneous	65,639	42,767
	<u>175,125</u>	<u>158,551</u>

The credit quality of amount due from other insurers and reinsurers can be assessed with reference to external credit ratings as follows:

## For the Year Ended December 31, 2010

	Amounts due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Other reinsurance assets	2010	2009
Rupees in thousand					
A or above (including PRCL)	243,465	85,585	138,514	467,564	584,553
BBB and B+	3,802	9,102	8,829	21,733	24,292
Others	5,208	684	655	6,547	3,144
<b>Total</b>	<b>252,475</b>	<b>95,371</b>	<b>147,998</b>	<b>495,844</b>	<b>611,989</b>

### 29.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of adequate funds through committed credit facilities. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

On the balance sheet date, Company has cash and bank balance and unutilized credit lines of Rs. 0.421 million (2009: Rs. 6.8 million) and Rs. 2,604 million (2009: Rs. 2,513 million) respectively.

The following are the contractual maturities of financial liabilities, including estimated interest payments on an undiscounted cash flow basis:

	2010			
	Carrying amount	Contractual cash flows	Upto one year	More than one year
(Rupees in thousand)				
Financial liabilities				
Provision for outstanding claims	228,421	228,421	228,421	-
Amount due to other insurers / reinsurers	76,221	76,221	76,221	-
Accrued expenses	21,289	21,289	21,289	-
Unclaimed dividend	3,468	3,468	3,468	-
Short term finance	396,327	407,566	407,566	-
Sundry creditors	80,692	80,692	76,540	4,152
	<b>806,418</b>	<b>817,657</b>	<b>813,505</b>	<b>4,152</b>

## Notes to and forming part of the Financial Statements

	2009			
	Carrying amount	Contractual cash flows	Upto one year	More than one year
	(Rupees in thousand)			
Financial liabilities				
Provision for outstanding claims	286,739	286,739	286,739	-
Amount due to other insurers / reinsurers	31,211	31,211	31,211	-
Accrued expenses	18,841	18,841	18,841	-
Unclaimed dividend	2,595	2,595	2,595	-
Long term finance	40,000	42,682	42,682	-
Short term finance	487,681	498,588	498,588	-
Sundry creditors	42,075	42,075	39,450	2,625
	<u>909,142</u>	<u>922,731</u>	<u>920,106</u>	<u>2,625</u>

### 29.3 Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective is to manage and control market risk exposures within acceptable

parameters, while optimising the return. The market risks associated with the Company's business activities are interest / mark up rate risk and price risk.

The Company is not exposed to material currency risk.

#### a) Interest / mark up rate risk

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark

up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing arrangements have variable rate pricing

that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in respective notes.

At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2010		2009	
	Effective interest rate (in %)		(Rupees in thousand)	
Financial assets				
Investments	8.45% to 15%	8.45% to 15%	<u>135,838</u>	<u>122,334</u>
Sundry receivables	14.82%	16.5%	<u>54,630</u>	<u>19,530</u>
Financial liabilities				
Long term finance	-	13.65%	<u>-</u>	<u>40,000</u>
Short term finance	13.09% to 17%	13.55% to 17%	<u>396,327</u>	<u>487,681</u>

## For the Year Ended December 31, 2010

### Sensitivity analysis

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not effect fair value of any financial instrument. For cash flow sensitivity analysis of variable rate instruments a hypothetical change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below.

It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

As at 31 December 2010	Profit and loss 100 bps	
	Increase	Decrease
	(Rupees in thousand)	
Cash flow sensitivity-Variable rate financial liabilities	<u>(313)</u>	<u>313</u>
Cash flow sensitivity-Variable rate financial assets	<u>384</u>	<u>(384)</u>
As at 31 December 2009		
Cash flow sensitivity-Variable rate financial liabilities	<u>(901)</u>	<u>901</u>
Cash flow sensitivity-Variable rate financial assets	<u>207</u>	<u>(207)</u>

### b) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 7,249 million (2009: Rs. 10,872 million) at the balance sheet date.

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favorable. Company strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity price volatility. Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments subject to equity price risk are based on quoted market prices as of the balance sheet date except for investments in associates which are carried under equity method and available for sale equity instruments which are stated at lower of cost or market value (market value being taken as lower if fall is other than temporary) in accordance with the requirements of the S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan (SECP), in December 2002.

## Notes to and forming part of the Financial Statements

Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold. The Company has no significant concentration of price risk.

### Sensitivity analysis

The table below summarizes Company's equity price risk as of 31 December 2010 and 2009 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse in Company's equity investment portfolio because of the nature of equity markets.

Had all equity investments, other than associates, been measured at fair values as required by IAS 39 "Financial Instruments: Recognition and Measurement", the impact of hypothetical change would be as follows:

	(Rupees in thousand)				
	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase (decrease) in profit / (loss) before tax
31 Dec 2010	11,128,412	10% increase	12,241,253	1,104,067	8,774
		10% decrease	10,015,571	(1,104,067)	(8,774)
31 Dec 2009	5,983,541	10% increase	6,581,895	598,354	-
		10% decrease	5,385,187	(598,354)	-

### 29.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of all financial assets and financial liabilities approximate their fair values except for equity and debt instruments held whose fair values have been disclosed in their respective notes to these financial statements.

### 29.5 Insurance risk

The Company accepts the insurance risk through its insurance contracts where it assumes the risk of loss from persons or organisations that are directly subject to the underlying loss. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The Company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased to mitigate the effect of potential loss to the Company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

A concentration of risk may also arise from a single insurance contract issued to a particular demographic type of policyholder, within a geographical location or to types of commercial business. The Company

## For the Year Ended December 31, 2010

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minimizes its exposure to significant losses by obtaining reinsurance from a number of reinsurers, who are dispersed over several geographical regions.

### Geographical concentration of insurance risk

To optimize benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risks with reference to the geographical location, the most important of which is risk survey.

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial / industrial / residential occupation of the insured. Details regarding the fire separation / segregation with respect to the manufacturing processes, storage, utilities, etc are extracted from the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters / reinsurance personnel for their evaluation. Reference is made to the standard construction specifications as laid down by IAP (Insurance Association of Pakistan). For instance, the presence of Perfect Party Walls, Double Fire Proof Iron Doors, physical separation between the buildings within a insured's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

Address look-up and geocoding is the essential field of the policy data interphase of IT systems. It provides on data collection provided under the policy schedule. All critical instant location which is dependent into the IT system/application through which a number of MIS underwriting information is punched reports can be generated to assess the concentration of risk.

The ability to manage catastrophic risk is tied to managing the density of risk within a particular area. For catastrophic aggregates, the IT system also assigns precise geographic CRESTA (Catastrophe Risk Evaluating and Standardizing Target Accumulations) codes with reference to the accumulation of sums insured in force at any particular location against natural perils. A risk management solution is implemented to help assess and plan for risk in catastrophic scenarios. It provides a way to better visualize the risk exposures so the Company determines the appropriate amount of reinsurance coverage to protect the business portfolio.

For Marine risks, complete underwriting details, besides sums insured and premiums, like vessel identification, voyage input (sea / air / inland transit), sailing dates, origin and destination of the shipments, per carry limits, etc. are fed into the IT system. The reinsurance module of the IT system is designed to satisfy the requirements as laid down in the proportional treaty agreement.

Shipment declarations are also endorsed on the policies. Respective reinsurance cessions are automatically made upon the posting of policy documents.

The voyage cards so maintained for the particular set of policies for a single vessel voyage are automatically logged into the system showing actual gross, treaty and net exposure, both in terms of sums insured and premiums.

### Reinsurance arrangements

Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and non-proportional reinsurance arrangements are in place to protect the net account in case of a major catastrophe. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional treaty, accumulated losses on net account can also be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Company.

## Notes to and forming part of the Financial Statements

In compliance of the regulatory requirement, the reinsurance agreements are duly submitted with Securities and Exchange Commission of Pakistan on an annual basis.

The concentration of risk by type of contracts is summarised below by reference to liabilities.

	Gross sum insured		Reinsurance		Net	
	2010	2009	2010	2009	2010	2009
	(Rupees in thousand)					
Fire	252,766,339	232,961,365	209,676,752	187,009,548	43,089,587	45,951,817
Marine	150,054,203	128,353,665	86,532,616	64,766,665	63,521,587	63,587,000
Motor	19,659,726	19,419,051	38,100	-	19,621,626	19,419,051
Miscellaneous	91,149,302	73,254,347	48,350,905	32,894,258	42,798,397	40,360,089
	<u>513,629,570</u>	<u>453,988,428</u>	<u>344,598,373</u>	<u>284,670,471</u>	<u>169,031,197</u>	<u>169,317,957</u>

### Sensitivity analysis

The risks associated with the insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company makes various assumptions and techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Company considers that the liability for insurance claims recognised in the balance sheet is adequate. However, actual experience will differ from the expected outcome.

As the Company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit before tax net of reinsurance.

	Pre tax profit		Shareholders' equity	
	2010	2009	2010	2009
	(Rupees in thousand)			
10% increase in loss				
Net				
Fire	(2,997)	(62)	(1,948)	(40)
Marine	(3,479)	(1,817)	(2,261)	(1,181)
Motor	(22,144)	(18,390)	(14,394)	(11,954)
Miscellaneous	(7,822)	(5,436)	(5,084)	(3,533)
	<u>(36,442)</u>	<u>(25,705)</u>	<u>(23,686)</u>	<u>(16,708)</u>
10% decrease in loss				
Net				
Fire	2,997	62	1,948	40
Marine	3,479	1,817	2,261	1,181
Motor	22,144	18,390	14,394	11,954
Miscellaneous	7,822	5,436	5,084	3,533
	<u>36,442</u>	<u>25,705</u>	<u>23,686</u>	<u>16,708</u>

### Claims development tables

The following table shows the development of fire claims over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments. For other classes of business the uncertainty about the amount and timings of claims payment is usually resolved within a year. Further, claims with significant uncertainties are not outstanding as at 31 December 2010.



## For the Year Ended December 31, 2010

Analysis on gross basis	2007	2008	2009	2010	Total
	(Rupees in thousand)				
Accident year					
Estimate of ultimate claims cost:					
At end of accident year	229,955	156,033	47,418	124,748	558,154
One year later	215,056	141,233	47,722	-	404,011
Two years later	212,352	85,051	-	-	297,403
Three years later	216,782	-	-	-	216,782
Estimate of cumulative claims	216,782	85,051	47,722	124,748	474,303
Cummulative payments to date	(213,185)	(78,533)	(38,256)	(80,697)	(410,671)
Liability recognised in the balance sheet	3,597	6,518	9,466	44,051	63,632

### 29.6 Fair values of financial assets and liabilities

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The Company has no items to report in this level.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 (Rupees in thousand)	Level 2	Total
As at 31 December 2010			
At fair value through profit and loss - held for trading	87,742	-	87,742

The carrying amounts of all other financial assets and liabilities reflected in the financial statements approximate their fair values. In case of available for sale investments, the equity securities are carried at lower of cost or market

value in line with SECP's SRO (Refer note 4.5.1.3).

### 30. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for share holders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent the long term loan obtained by the Company as referred to in note 8. Total capital employed includes equity as shown in the balance sheet, plus borrowings. Presently there are no long term borrowing held by the company. The gearing ratio as at year ended 31 December 2010 and 31 December 2009 are as follows:

## Notes to and forming part of the Financial Statements

	31 December	
	2010	2009
	(Rupees in thousand)	
Borrowings	-	40,000
Total capital Employed	<u>11,575,854</u>	<u>11,000,813</u>
Gearing ratio	0.00%	0.36%

### 31. Date of authorization for issue

These financial statements have been authorized for issue on 11 February 2011 by the Board of Directors of the Company.

#### 31.1 Events after balance sheet date

The Board of Directors has proposed a final dividend for the year ended 31 December 2010 of Rs. 2 per share (2009: Rs. 2.5 per share), amounting to Rs. 143.685 million (2009: Rs. 149.672 million) and bonus shares at 35% amounting to Rs. 251.449 million (2009: Nil) at its meeting held on 11 February 2011 for the approval of the members at the annual general meeting to be held on 26 April 2011.

### 32. Reclassification

Corresponding figures have been reclassified / rearranged, wherever necessary, for better presentation. The impact of this reclassifications is not material.

Profit and loss account	From	To	(Rupees in '000)
General and administrative expenses	Advertisement expenses	Stationery and printing	710



Chairman



Director



Director



Principal Officer and Chief Executive

## Notice of Annual General Meeting

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NOTICE IS HEREBY GIVEN that the 57th Annual General Meeting of IGI Insurance Limited (the "Company") will be held on Tuesday, April 26, 2011, at 03:00 p.m. at the Registered Office of the Company located at 7th Floor, The Forum, G-20, Block 9, Khyaban-e-Jami, Clifton, Karachi, to transact the following business:

### ORDINARY BUSINESS

1. To confirm the minutes of Annual General Meeting of the Company held on April 07, 2010.
2. To receive, consider and adopt the Audited Financial Statements of the Company together with the Directors' and Auditors' report thereon for the year ended December 31, 2010.
3. To consider and approve the payment of final cash dividend for the year ended December 31, 2010 of Rs. 2/- (Two) per share (i.e. 20%) in addition to the interim dividend already paid at the rate of Rs. 1/- (One) per share (i.e. 10%)
4. To elect eight directors as fixed by the Board under section 178(1) of the Companies Ordinance, 1984 in accordance with the provisions of the said Ordinance for a period of three years commencing April 27, 2011. The names of the retiring directors are:

Syed Babar Ali	Syed Shahid Ali
Mr. Shamim Ahmad Khan	Syed Hyder Ali
Syed Yawar Ali	Mr. Waqar Ahmed Malik
Syed Kamal Ali	Mr. Jalees Ahmed Siddiqi
5. To appoint auditors for the ensuing year and to fix their remuneration.

### SPECIAL BUSINESS

6. To increase the authorized capital of the Company from Rs. 1 billion to Rs. 2 billion by amend clause V of the Memorandum of Association and consequently to amend the Articles 4 of Association of the Company to reflect the said proposed increase in authorized capital.
7. To consider and approve the issue of Bonus Shares in the ratio of 3.5 (Three and a half) new shares for every 10 (Ten) shares held (i.e. 35 %.)
8. To consider and approve payment of professional fee to a Non-Executive Director of the Company.
9. To consider and, if thought fit, pass a special resolution pursuant to Section 208 of the Companies Ordinance, 1984 to authorize investment by way of purchase of shares of certain associated companies.

### ANY OTHER BUSINESS

10. To consider any other business with the permission of the Chairman.

(Attached to this Notice is a statement of material facts covering the above-mentioned special business, as required under Section 160(1)(b) of the Companies Ordinance, 1984)

By Order of the Board

Haider Raza  
Company Secretary  
Karachi: April 04, 2011

## Notice of Annual General Meeting

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### Notes:

1. Any person who seeks to contest the election of director shall file with the Company at its Registered Office not later than fourteen days before the date of the meeting his/her intention to offer himself/herself for the election of directors in terms of Section 178(3) of the Companies Ordinance, 1984 together with:
  - a) Consent to act as a director on Form 28.
  - b) A declaration in terms of clause (ii), (iii), (iv) and (v) of the Code of Corporate Governance to the effect that:
    - i) He/she is aware of duties and powers of directors under the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the Memorandum and Articles of Association of the Company and the listing regulations of the Stock Exchanges in Pakistan and has read the provisions contained therein.
    - ii) He/she is not serving as a director of more than ten other listed companies.
    - iii) His/her name is borne in the register of national tax payers (except where he/she is a non-resident.)
    - iv) He/she has not been convicted by a court of competent jurisdiction as defaulter in payment of any loan to a banking company, a development financial institution or a non-banking financial institution.
    - v) He/she and his/her spouse are not engaged in the business of stock brokerage.
2. The Share Transfer Books of the Company will be closed from April 15, 2011, to April 26, 2011, both days inclusive.
3. A member entitled to attend and vote at the meeting is entitled to appoint another person as a proxy to attend and vote instead of him. The proxy forms duly completed and signed by the member appointing a proxy must be deposited with the Company's Share Registrar, FAMCO Associates (Private) Limited, 1st Floor, State Life Building 1-A, I. I. Chundrigar Road, Karachi-74000, not later than forty-eight (48) hours before the time appointed for the Meeting.
4. Any individual Beneficial Owner of Central Depository Company, entitled to vote at this Meeting must bring his/her Computerized National Identity Card ("CNIC") with him/her to provide his/her identity and in case of proxy must enclose an attested copy of his/her CNIC. The representatives of corporate bodies should bring attested copy of Board of Directors Resolution / Power of Attorney and/or all such documents as are required under Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan for this purpose.
5. Change of address, if any, should be notified immediately to the Company's Share Registrar aforesated.
6. Members are requested to provide their e-mail addresses to enable the Company to send notices, financial statements etc. via e-mail.
7. Members who have not yet submitted photocopy of their Computerized National Identity Card to the Company are requested to send the same at the earliest.

## Notice of Annual General Meeting

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### STATEMENT OF MATERIAL FACTS UNDER SECTION 160(1)(B) OF THE COMPANIES ORDINANCE, 1984 REGARDING SPECIAL BUSINESS

#### Item No. 6 of the Notice

##### *Increase in Authorized Capital*

The Directors have decided to increase the authorized capital of the Company from Rs.1 billion to Rs. 2 billion and for this purpose it is proposed to consider and if thought fit, pass the following ordinary resolution:

“RESOLVED that the figures and words “2,000,000,000 (Rupees two billion only) divided into 200,000,000 (two hundred million only)” be and are hereby substituted for the figures and words “1,000,000,000” (Rupees one billion only) divided into “100,000,000 (Hundred million only) appearing in Clause V of the Memorandum of Association of the Company.”

Furthermore, it is proposed to amend Article 4 of the Articles of Association of the Company to reflect the proposed increase in authorized capital discussed above by passing the following resolution as a special resolution:

“RESOLVED that the figures and words “2,000,000,000 (Rupees two billion only) divided into 200,000,000 (Two hundred million)” be and are hereby substituted for the figures and words “1,000,000,000 (Rupees one billion only) divided into 100,000,000 (One hundred million)” appearing in Article 4 of the Articles of Association of the Company.”

#### Item No. 7 of the Notice

##### *Issue of Bonus Shares*

The Board has recommend the issue of Bonus Shares in the ratio of 3.5 (Three and a half) new shares for every 10 (Ten) shares held (i.e. 35 %) in its meeting held on February 11, 2011. This is in addition to the Bonus Shares declared by the Board of Directors at the rate of 2 (Two) shares for every 10 (Ten) shares held (i.e. 20%), at their meeting dated April 21, 2010. Accordingly, it is proposed to consider and if thought fit, pass the following ordinary resolutions, with or without modifications:

#### a) Final Bonus Shares

“RESOLVED that a sum of Rs. 251,449,780 out of the Free Reserves of the Company be capitalized and applied to the issue of 25,144,978 ordinary shares of Rs 10 each and allotted as fully paid up bonus shares to the members of the Company who are registered in the books of the Company on April 14, 2011 in the ratio of 3.5 such new shares for every 10 existing ordinary shares held and that such new shares shall rank pari passu with the existing ordinary shares of the Company but shall not be eligible for the dividend for the year ended December 31, 2010.”

b) “RESOLVED that the sale proceeds of members' entitlement to fractions of shares shall be paid to a charitable institution approved under section 61(1) of the Income Tax Ordinance, 2001 for which purpose the fractional shares shall be consolidated into whole shares and issued to the Company Secretary upon trust to sell these shares on the Stock Exchange, through a member of the Exchange, and pay the net proceeds of sale when realized to the institution selected by the Directors for this purpose.”

c) “RESOLVED that for the purpose of giving effect to the foregoing the Directors be and are hereby authorized to give such directions as may be necessary and as they deem fit to settle any questions or difficulties that may arise in the distribution of the said new shares or in the payment of the sale proceeds of the fractional shares.”

## Notice of Annual General Meeting

### d) Interim Bonus Shares

“FURTHER RESOLVED that the decision of the Board of Directors of the Company to issue 11,973,799 ordinary shares of Rs. 10 each by capitalizing Rs. 119,737,990 out of the Free Reserves of the Company and allotted as fully paid up bonus shares to the members of the Company who were registered in the books of the Company on May 17, 2010 in the ratio of 2 such new shares for every 10 existing ordinary shares held ranking pari passu with the existing ordinary shares of the Company be and is hereby ratified and confirmed.”

None of the Directors of the Company are interested in this business except to the extent of their entitlement to bonus shares as shareholders.

### Item No. 8 of the Notice

Mr. Shamim Ahmad Khan provides professional services to the Company and it is proposed to consider, and it thought fit, pas the following resolution as an ordinary resolution in order to increase the remuneration paid to Mr. Shamim Ahmad Khan for offering these extra services to the Company:

“RESOLVED that consent be and is hereby granted for the payment of an amount of upto Rs. 1.8 million to Mr. Shamim Ahmad Khan, Non-Executive Director of the Company, as fee for professional services rendered by him to the Company.”

### Item No. 9 of the Notice

#### *Investment in Associated Companies*

IGI Insurance Limited is a public listed company with equity of over Rs. 11.58 billion as of December 31, 2010 and is desirous of making investment in certain associated companies. For this purpose, it is proposed to consider and, if thought fit, to pass the following resolution as a special resolution, with or without modification, for authorizing investment by way of purchasing of shares of the belowmentioned associated companies pursuant to Section 208 of the Companies Ordinance, 1984:

“RESOLVED THAT:

a) all previous unutilized approvals granted by the shareholders of the Company pursuant to Section 208 of the Companies Ordinance, 1984 for investment in the following associated companies be and are hereby cancelled:

1. Nestle Pakistan Limited
2. Packages Limited
3. Tri-Pack Films Limited

b) approval of the shareholders be and is hereby accorded under Section 208 of the Companies Ordinance, 1984 for the investment from time to time of the undermentioned amounts in the purchase of the ordinary

S. No.	Name of Company	Amount to be invested in Rupees
1	Nestle Pakistan Limited	Rs. 500 million
2	Packages Limited	Rs. 500 million
3	Tri-Pack Films Limited	Rs. 500 million

c) the Chief Executive Officer of the Company be and is hereby authorized to take any and all actions which may be required for the investment from time to time upto the abovementioned amounts in the purchase of the ordinary shares of abovementioned associated companies.”

The information required to be annexed to the Notice by Notification No. SRO 865(I)/2000 dated December 6, 2000 is set out below:-

## Notice of Annual General Meeting

S. No.	Requirement	Information Required
i.	Name of Investee Company/undertaking:	Nestle Pakistan Limited
ii.	Nature, amount and extent of investment: (Already held: 9.35% of the equity)	Long term equity investment of upto Rs.500 million to be utilized in purchasing ordinary shares of the investee Company.
iii.	Average market price of the shares intended to be purchased during the preceding six months in case of listed companies:	Average market price up to December 31, 2010 is Rs. 1,941.68 per share.
iv.	Break-up value of shares intended to be purchased on the basis of last published financial statements:	December 2010: Rs. 123.09 per share.
v.	Price at which shares will be purchased:	Fair value on the date of purchase or, in the case of a negotiated purchase recorded on the Stock Exchange, the best price which can be negotiated in an arm's length transaction taking into consideration all factors attached to the sale/purchase.
vi.	Earnings per share of investee company in the last three years:	2008: Rs. 34.24 per share 2009: Rs. 66.27 per share 2010: Rs. 90.69 per share
vii.	Source of funds from where shares will be purchased:	Own sources.
viii.	Period for which investment will be made:	Not applicable being long term equity investment.
ix.	Purpose of investment:	Long term equity investment to earn dividend income (including bonus/rights shares) as well as prospective capital gains.
x.	Benefits likely to accrue to the company and the shareholders from the proposed investment:	Dividends (including bonus/rights shares)/capital gains.
xi.	Interest of directors and their relatives in the investee company:	Syed Babar Ali, Syed Yawar Ali and Syed Hyder Ali, directors of your Company are also directors of Nestle Pakistan Limited. They are interested in this business to the extent of their investment in this Company.
S. No.	Requirement	Information Required
i.	Name of Investee Company/undertaking:	Packages Limited
ii.	Nature, amount and extent of investment: (Already held: 23.88% of the equity)	Long term equity investment of upto Rs.500 million to be utilized in purchasing ordinary shares of the investee Company.

## Notice of Annual General Meeting

S. No.	Requirement	Information Required
iii.	Average market price of the shares intended to be purchased during the preceding six months in case of listed companies:	Average market price up to December 31, 2010 is Rs. 111.88 per share.
iv.	Break-up value of shares intended to be purchased on the basis of last published financial statements:	December 2010: Rs. 300.00 per share.
v.	Price at which shares will be purchased:	Fair value on the date of purchase or, in the case of a negotiated purchase recorded on the Stock Exchange, the best price which can be negotiated in an arm's length transaction taking into consideration all factors attached to the sale/purchase.
vi.	Earnings per share of investee company in the last three years:	2008: Rs. (2.32) per share 2009: Rs. 48.16 per share 2010: Rs. (3.94) per share
vii.	Source of funds from where shares will be purchased:	Own sources.
viii.	Period for which investment will be made:	Not applicable being long term equity investment.
ix.	Purpose of investment:	Long term equity investment to earn dividend income (including bonus/rights shares) as well as prospective capital gains.
x.	Benefits likely to accrue to the company and the shareholders from the proposed investment:	Dividends (including bonus/rights shares)/capital gains.
xi.	Interest of directors and their relatives in the investee company:	Syed Babar Ali, Mr. Shamim Ahmad Khan and Syed Shahid Ali directors of your Company are also directors of Packages Limited. They are interested in this business to the extent of their investment in this Company.
S. No.	Requirement	Information Required
i.	Name of Investee Company/undertaking:	Tri-Pack Films Limited
ii.	Nature, amount and extent of investment: (Already held: 3.63% of the equity)	Long term equity investment of upto Rs.500 million to be utilized in purchasing ordinary shares of the investee Company.
iii.	Average market price of the shares intended to be purchased during the preceding six months in case of listed companies:	Average market price up to December 31, 2010 is Rs. 103.96 per share.
iv.	Break-up value of shares intended to be purchased on the basis of last published financial statements:	December 2010: Rs. 59.70 per share.



## Notice of Annual General Meeting

S. No.	Requirement	Information Required
v.	Price at which shares will be purchased:	Fair value on the date of purchase or, in the case of a negotiated purchase recorded on the Stock Exchange, the best price which can be negotiated in an arm's length transaction taking into consideration all factors attached to the sale/purchase.
vi.	Earnings per share of investee company in the last three years:	2008: Rs. 16.00 per share 2009: Rs. 15.47 per share 2010: Rs. 16.49 per share
vii.	Source of funds from where shares will be purchased:	Own sources.
viii.	Period for which investment will be made:	Not applicable being long term equity investment.
ix.	Purpose of investment:	Long term equity investment to earn dividend income (including bonus/rights shares) as well as prospective capital gains.
x.	Benefits likely to accrue to the company and the shareholders from the proposed investment:	Dividends (including bonus/rights shares)/capital gains.
xi.	Interest of directors and their relatives in the investee company:	Syed Babar Ali and Syed Hyder Ali directors of your Company are also directors of Tri-Pack Films Limited. They are interested in this business to the extent of their investment in this Company.

### Status of approvals for investments in associated companies

As required under the SRO No. 865(I)/2000 dated December 06, 2000, the position of various investments in associated companies against approvals held by the Company is as under:

1. Nestle Pakistan Limited - Against the unutilized approval of Rs. 150.76 million as at last Annual General Meeting, the Company has invested Rs. 7.62 million so far. The said amount could not be fully utilised for non-availability of shares at reasonable price. There was no major change in the financial position of the investee company. It was proposed in the Board Meeting held on February 11, 2011 that the previous approvals granted by the shareholders of the Company to the extent of unutilized investment amount be canceled and fresh approval of Rs. 500 million be obtained in its place pursuant to section 208 of the Companies Ordinance, 1984.
2. Packages Limited - Against the unutilized approval of Rs. 187.91 million as at last Annual General Meeting, the Company has invested Rs. 136.90 million so far. The said authorized amount could not be fully utilized for non-availability of shares at reasonable amount. The Company has declared loss after tax of Rs. (332) million translating into Rs. 3.94 per share in its consolidated financial results for the year ended December 31, 2010. It was proposed in the Board Meeting held on February 11, 2011 that the previous approvals granted by the shareholders of the Company to the extent of unutilized investment amount be canceled and fresh approval of Rs. 500 million be obtained in its place pursuant to section 208 of the Companies Ordinance, 1984.

## Notice of Annual General Meeting

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3. Tri-Pack Films Limited - Against the unutilized approval of Rs. 19.13 million as at last Annual General Meeting, the Company has invested Rs. 16.23 million so far. The said amount could not be fully utilized for non-availability of shares at reasonable price. There was no major change in the financial position of the investee company. It was proposed in the Board Meeting held on February 11, 2011 that the previous approvals granted by the shareholders of the Company to the extent of unutilized investment amount be canceled and fresh approval of Rs. 500 million be obtained in its place pursuant to section 208 of the Companies Ordinance, 1984.
4. Siemens (Pakistan) Engineering Company Limited - Against the unutilized approval of Rs. 196.6 million as at last Annual General Meeting, the Company has made no investment because of non-availability of shares at reasonable price. The investment will be made on availability of shares at reasonable prices. There was no major change in financial position of the investee company.
5. Sanofi-Aventis Pakistan Limited - Against the unutilized approval of Rs. 200 million as at last Annual General Meeting, the Company has made no investments because of non-availability of shares at reasonable price. The investment will be made on availability of shares at reasonable prices. There was no major change in financial position of the investee company.
6. Coca-Cola Beverages Pakistan Limited (CCBPL) - Against the unutilized approval of Rs. 70 million as at last Annual General Meeting, the Company has made no investment because of non-availability of shares at reasonable price. The Company will make the investment at an appropriate time. There was no major change in financial position of the investee company.
7. IGI Investment Bank Limited - Against the unutilized approval of Rs. 224.65 million as at last Annual General Meeting, the Company has made no investment because of non-availability of shares at reasonable price. The investment will be made on availability of shares at reasonable prices. The company has declared loss after tax of Rs. (164) million, translating into Rs.(0.77) per share in its consolidated financial results for the year ended June 30, 2010. The break-up value of the company is Rs. 7.70 as at June 30, 2010. Your Company will make further investment at an appropriate time.

# Form of Proxy

The Company Secretary,  
IGI Insurance Limited,  
7th Floor, The Forum,  
Suite Nos. 701-703, G-20, Block 9,  
Khayaban-e-Jami, Clifton,  
Karachi-75600, Pakistan

I/We \_\_\_\_\_  
(name)  
of \_\_\_\_\_ being member (s)  
of **IGI Insurance Limited**, and holder of \_\_\_\_\_ Ordinary Shares as per Share  
(number of shares)

Registered Folio No. \_\_\_\_\_ and/or CDC Participant I.D. No. \_\_\_\_\_ and Sub Account No. \_\_\_\_\_  
hereby appoint \_\_\_\_\_ of \_\_\_\_\_  
(name)  
or failing him/her \_\_\_\_\_ of \_\_\_\_\_  
(name)

as my/our proxy in my/our absence to attend and vote for me/us on my/our behalf at the fifty seven Annual General Meeting of the Company to be held on Tuesday, April 26, 2011 at 3:00 P.M. at the registered office of the Company at 7th Floor, The Forum, Suite Nos. 701-703, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi-75600 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

1. Witness  
Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
CNIC or \_\_\_\_\_  
Passport No. \_\_\_\_\_

2. Witness  
Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
CNIC or \_\_\_\_\_  
Passport No. \_\_\_\_\_

Signature :

Please  
affix Rupees Five  
Revenue Stamp

Signature should agree with the  
specimen Signature registered  
with the Company

Notes: Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting.  
CDC Shareholders and their Proxies are each requested to attach photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.

The shareholders having shares deposited with the Central Depository Company (CDC) are requested to bring their Original Computerized National Identity Cards and CDC account number for verification.

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AFFIX  
CORRECT  
POSTAGE

The Company Secretary

IGI Insurance Limited  
7th Floor, The Forum,  
Suite Nos. 701-713,  
G-20, Block 9,  
Khayaban-e-Jami, Clifton,  
Karachi-75600, Pakistan

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